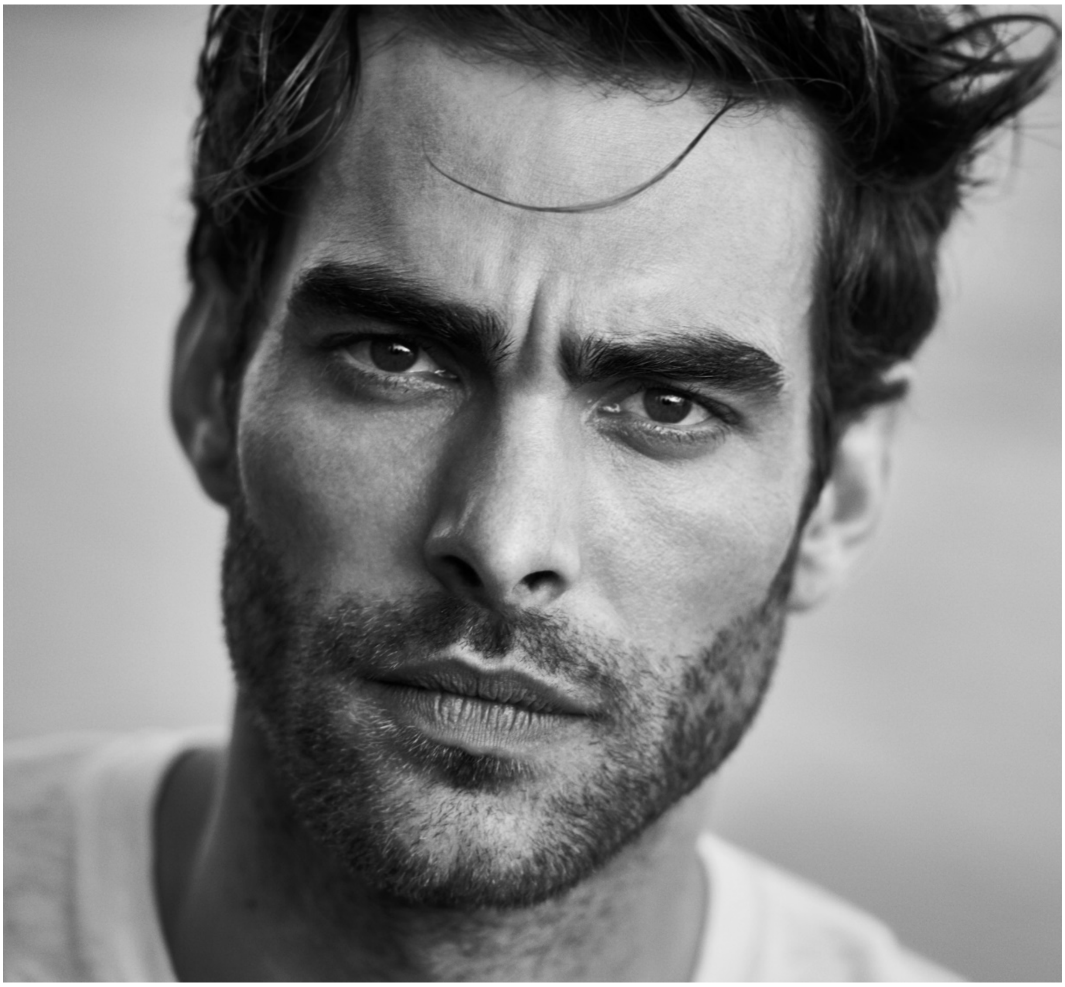

3M FY 2020/21
Interim Financial Report

Kirk Beauty One GmbH

as at December 31, 2020

DOUGLAS

Content

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

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Disclosure Regarding Forward-Looking Statements

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

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

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

We suggest you to read the section of this financial report entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the section “Risk Factors” of our Financial Report as at September 30, 2020 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, 2021 or any other period.

Following our current internal management approach all financial figures included in this section "Management's Discussion and Analysis of Financial Condition and Results of Operations" are stated before the impact of IFRS 16 "Lease".

For any IFRS 16 effects and disclosures we refer to the section "Interim Consolidated Financial Statements" of this report.

These Interim Consolidated Financial Statements have been prepared following IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last Annual Consolidated Financial Statements as at and for the financial year ending September 30, 2020.

The results of operations and related cash flows in the following text and tables refer to three months of the financial year 2020/21, i.e. from October 1, 2020 to December 31, 2020 compared to three months of the financial year 2019/20, i.e. from October 1, 2019 to December 31, 2019.

All 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 adding up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Company

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

DOUGLAS is a leading platform-based 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 December 31, 2020, the DOUGLAS Group operated stores and online shops in 26 European countries.

As a leading beauty platform in Europe and in line with our #FORWARDBEAUTY.DigitalFirst strategy we are closely monitoring our present footprint and constantly rethinking our market presence. Embedded in our mission to encourage people to live their own kind of beauty, our overall goal is to expand our position as first point of contact on all beauty lifestyle needs and desires.

Result of Operations[1]

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

		10/01/2020 - 12/31/2020 EUR m	10/01/2019 - 12/31/2019 EUR m
1.	Sales	1,172.9	1,292.9
2.	Cost of raw materials, consumables and supplies and merchandise	-659.9	-716.1
3.	Gross Profit	513.0	576.8
4.	Other operating income	81.0	97.0
5.	Personnel expenses	-149.5	-172.9
6.	Other operating expenses	-296.1	-285.6
7.	Result from impairments on financial assets	0.0	-0.2
8.	EBITDA (=reported EBITDA)	148.4	215.1
	Non-recurring effects on a regular basis	*28.8*	*4.3*
	Adjusted EBITDA	***177.3***	***219.4***
9.	Amortization/depreciation	-30.9	-30.3
10.	EBIT	117.5	184.8
11.	Financial income	87.9	12.8
12.	Financial expenses	-31.5	-29.4
13.	Financial result	56.4	-16.6
14.	EBT	173.9	168.2
15.	Income taxes	-25.7	-33.9
16.	Profit (loss) for the period	148.2	134.3

Three Months Ending December 31, 2020 compared to Three Months Ending December 31, 2019[2]

COVID-19 pandemic lockdown also weighed on three months results of the financial year 2020/21 – outstanding E-Commerce growth across countries

Also in the first quarter of the financial year 2020/21 and thus in the important Christmas business, the COVID-19 pandemic has not yet been overcome, there were lockdowns with temporary store closures across Europe once again, significantly impacting our brick and mortar business although partly compensated by our outstanding e-commerce business. Overall, the Coronavirus pandemic let to a decline of our net sales by 9.3 percent in the first quarter of the financial year 2020/21 compared to a strong first quarter of the previous financial year 2019/20.

[1] The comparative information in the prior year period were restated; please refer to the section "Interim Consolidated Financial Statements", chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019"
[2] Like aforementioned, all figures stated in the MD&A are adjusted for IFRS 16 effects.

In view of the abnormal situation and uniqueness of the COVID-19 pandemic, certain related expenses and income have also, in the opinion of management, to be adjusted and have been disclosed separately in the category "COVID-19-effects" in our Segment Reporting. These adjustments comprise in particular staff- and rent-related idle costs resulting from lockdown-caused store closures as well as other additional costs caused by the Coronavirus pandemic such as costs in relation with our health and safety measures for our customers and employees.

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

In the background of the coronavirus pandemic, our consolidated total sales (net) decreased by €120.0 million or 9.3 percent during the first quarter ending December 31, 2020, compared to the first quarter of the previous fiscal year 2019/20.

The trend from store to online business was further accelerated by the COVID-19 pandemic and our focus on the E-Commerce channel, have been benefited in a tremendously strong increase in our online sale amounting to 74.3 percent compared to the prior year reporting period which partially mitigated the decline in our brick- and mortar-business. Online sales accounted for 37.0 percent of total sales (prior year: 19.2 percent).

Overall, like-for-like sales (net) decreased by 7.1 percent.

In the first quarter of the fiscal year 2020/21, sales (net) in our four reporting segments – Germany, France, South-Western Europe and Eastern Europe – developed as follows compared to the first quarter of the previous fiscal year. Sales (net) in Germany decreased by €27.8 million or 5.8 percent to €453.0 million reflecting our particularly high online share in Germany amounting to 50.2 %. In France sales (net) dropped by €21.8 million or 7.0 percent to €287.3 million. South-Western Europe the region especially severe hit by the COVID-19 pandemic, decreased by €57.1 million or 15.4 percent to €312.3 million. Sales (net) decreased in Eastern Europe by €13.4 million 10.0 percent to €120.2 million.

Cost of raw materials, consumables, supplies and merchandise

The cost of raw materials, consumables, supplies and merchandise for the first three months of the financial year 2020/21 decreased by €56.3 million or 7.9 percent.

Gross Profit

Despite the COVID-19 pandemic we managed to keep our gross margin quite stable, recording a decrease of 0.9 percentage points from 44.6 percent to 43.7 percent.

Other operating income

In the first quarter of the financial year 2020/21, other operating income accounted for €81.0 million compared to €97.0 million for the prior year reporting period. The decrease of €16.0 million was mainly the result of lower marketing income.

Personnel expenses

In the first quarter of the financial year 2020/21, personnel expenses decreased by €23.4 million or 13.6 percent to €149.5 million. As a percentage of total sales, the personnel expenses accounted for 12.7 percent compared to 13.4 percent in the first quarter of the financial year 2019/20, reflecting our liquidity safeguard measures like hiring freeze as well as short-term labor programs. The first quarter of the financial year 2020/21 was affected by adjustments amounting to €7.5 million especially related to COVID-19 effects. Adjusted personnel cost ratio in the current financial year was 12.1 percent, compared to 13.3 percent in the prior year period.

Other operating expenses

In the first quarter of the financial year 2020/21, other operating expenses increased by €10.5 million to 296.2 million especially due to higher goods handling costs, partially offset by lower rent. As a percentage of total sales, the other operating expenses increased to 25.3 percent compared to 22.1 percent in the first quarter of the financial year 2019/20. Adjusted for extraordinary effects amounting to €21.9 million, mainly in related to COVID-19, the reclassification of credit card fees into the financial result and consulting fees, adjusted other operating expenses as percentage of total sales accounted for 23.4 percent compared to 21.4 percent in the first three months of the financial year 2019/20.

EBITDA and Adjusted EBITDA

EBITDA dropped by €66.7 million or 31.0 percent to €148.4 million during the first quarter of the financial year 2020/21, specifically due to lower overall sales in the background of lockdown-caused temporary store closures and traffic decline.

Adjusted EBITDA decreased by €42.1 million or 19.2 percent to €177.3 million during the first three months ending December 31, 2020 from €219.4 million during the first three months ending December 31, 2019. As a percentage of sales (net), adjusted EBITDA margin decreased by 1.9 percentage points.

Total adjustments on EBITDA, comprising especially COVID-19 adjustments, credit card fees and consulting fees, increased by €24.6 million to €28.8 million during the first three months of the financial year 2020/21 compared to €4.3 million during the first three months of the fiscal year 2019/20. This increase essentially results from the first time COVID-19 adjustments and lower extraordinary income disclosed in the adjustments categories "Other".

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

Adjusted EBITDA in **Germany**, affected by central overhead costs and lower store contribution, decreased by €11.1 million to €55.0 million during the three months ending December 31, 2020 from €66.1 million during the three months ending December 31, 2019. Adjustments on EBITDA of the German region totaled €17.1 million during the three months ending December 31, 2020, primarily resulting from COVID-19 effects, credit card fees and consulting fees.

Adjusted EBITDA in **France** decreased by €9.2million to €58.9 million during the three months ending December 31, 2020 from €68.1 million during the three months ending December 31, 2019. The adjustments on EBITDA of the French region accounted for €2.7 million during the three months ending December 31, 2020 and mainly related to credit card fees.

Adjusted EBITDA in **South-Western Europe,** the region hardest hit by COVID-19 lockdowns, decreased by €19.6 million during the three months ending December 31, 2020 from €52.2 million to €37.6 million, resulting especially from lower store contribution. The adjustments in the South-Western region amounted to €5.8 million during the three months ending December 31, 2020 and were primarily related to COVID-19 effects and credit card fees.

During the first three months of the financial year 2020/21 adjusted EBITDA in the **Eastern Europe** dropped by only €1.7 million from €27.9 million to €26.2 million reflecting our still very attractive and sustainable margins in this region. The adjustments totaled €3.2 million during the first quarter of the fiscal year 2020/21 and mainly resulted from COVID-19 effects as well as credit card fees.

EBIT

In the first three months of the financial year 2020/21, EBIT decreased by €67.3 million to €117.5 million from €184.8 million during the three months ending December 31, 2019. Amortization, depreciation and impairment expenses of €30.9 million, including €5.7 million due to store impairment losses, are on prior years' level. We refer to the above section "EBITDA and adjusted EBITDA".

Financial result

Due to IFRS 9-valuation effect of our loan receivables from the shareholder Kirk Beauty Two GmbH accounting for €75.5 million, the financial result increased by €73.0 million to €56.4 million during the first quarter ending December 31, 2020 compared to the prior year reporting period.

Income taxes

Due to a lower tax base (the IFRS-9 valuation did not affect the tax base) income taxes decreased by €8.2 million to €25.7 million during the first quarter of the fiscal year 2020/21 compared to €33.9 million during the prior year period.

Profit and Adjusted Profit

Driven by the IFRS 9-valuation effect and lower income taxes, overall overcompensating our decreases in EBITDA, the profit of the first quarter ending December 31, 2020 amounted to €148.2 million, compared to €134.3 million during the three months ending December 31, 2019.

Adjusted profit during the three months ending December 31, 2020 amounted to €92.8 million compared to €133.3 million in the prior year period.

The adjustments in respect of EBITDA, already being disclosed above in the section "EBITDA and Adjusted EBITDA" and totaling €28.8 million in the first three months ending December 31, 2020 are overcompensated by effects from valuation of financial instruments and credit card fees as well as store impairment losses totaling €74.7 million. Income taxes on adjustments have an increasing effect of €9.5 million.

Segment Reporting

The reportable segments are categorized based on their organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker. Besides net sales the segment key performance indicator and DOUGLAS-Group's key performance indicator is Adjusted EBITDA, that is used to assess the performance of the segments and manage resource allocation.

Unchanged to the financial year ending September 30, 2020, the Douglas Group's countries are classified as operating segments which are allocated to the reportable segments Germany, France, South-Western Europe and Eastern Europe.

For more details please refer to the section "Interim Consolidated Financial Statements", chapter "Segment Reporting".

Sales

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

	10/01/2020 - 12/31/2020	10/01/2019 - 12/31/2019
	EUR m	EUR m
Sales	1,172.9	1,292.9
Segments		
Germany		
Sales (net)	453.0	480.9
Intersegment sales	19.7	13.2
Sales	472.7	494.1
France		
Sales (net)	287.3	309.1
Intersegment sales	0.0	0.0
Sales	287.3	309.1
South-Western Europe		
Sales (net)	312.3	369.4
Intersegment sales	0.0	0.0
Sales	312.3	369.4
Eastern Europe		
Sales (net)	120.2	133.5
Intersegment sales	0.0	0.0
Sales	120.2	133.5

EBITDA and Adjusted EBITDA

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

		10/01/2020 - 12/31/2020	10/01/2019 - 12/31/2019
Douglas-Group			
EBITDA (=reported EBITDA)	EUR m	148.4	215.1
EBITDA-margin	%	12.7	16.6
Adjustments	EUR m	28.8	4.3
Adjusted EBITDA	EUR m	177.3	219.4
Adjusted EBITDA-margin	%	15.1	17.0
Segments			
Germany			
EBITDA (=reported EBITDA)	EUR m	37.8	66.0
EBITDA-margin	%	8.3	13.7
Adjustments	EUR m	17.2	0.0
Adjusted EBITDA	EUR m	55.0	66.1
Adjusted EBITDA-margin	%	12.1	13.7
France			
EBITDA (=reported EBITDA)	EUR m	56.2	65.7
EBITDA-margin	%	19.6	21.2
Adjustments	EUR m	2.7	2.4
Adjusted EBITDA	EUR m	58.9	68.1
Adjusted EBITDA-margin	%	20.5	22.0
South-Western Europe			
EBITDA (=reported EBITDA)	EUR m	31.8	56.0
EBITDA-margin	%	10.2	15.1
Adjustments	EUR m	5.8	1.2
Adjusted EBITDA	EUR m	37.6	57.2
Adjusted EBITDA-margin	%	12.0	15.5
Eastern Europe			
EBITDA (=reported EBITDA)	EUR m	23.0	27.3
EBITDA-margin	%	19.1	20.4
Adjustments	EUR m	3.2	0.6
Adjusted EBITDA	EUR m	26.2	27.9
Adjusted EBITDA-margin	%	21.8	20.9

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

	10/01/2020-12/31/2020 EUR m	10/01/2019-12/31/2019 EUR m
EBITDA (=reported EBITDA)	**148.4**	**215.1**
Credit card fees	6.1	6.0
Purchase Price Allocations (PPA)	3.3	0.9
Restructuring costs and severance payments	0.0	0.0
Consulting fees	5.3	3.4
COVID-19-effects	13.3	0.0
Other adjustments	0.8	-6.0
Sum of adjustments	28.8	4.3
Adjusted EBITDA	**177.3**	**219.4**
Amortization/depreciation	-30.9	-30.3
Impairment of non-current and current assets	6.3	0.0
Adjusted EBIT	152.7	189.1
Financial result	56.4	-16.6
Reclassification of credit card fees and valuation effects of financial instruments	-81.0	-5.8
Adjusted EBT	**128.0**	**166.7**
Income taxes	-25.7	-33.9
Income taxes on adjustments	-9.5	0.5
Adjusted Profit (+) or Loss (-)	**92.8**	**133.3**

Liquidity and Capital Resources

Overview

The main sources of liquidity on an ongoing basis are the operating cash flows and a liquidity reserve amounting to €459.1 million as of December 31, 2020.

Our ability to generate cash depends on our operating performance which in turn depends to some extent on general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. We believe that, based on our current level of operations as reflected in our results of operations for the three months ending December 31, 2020, our cash flows from operating activities, cash on hand and the availability of borrowings under our Revolving Credit Facility will be sufficient to fund our operations, capital expenditures and debt service for at least the next twelve months.

As of December 31, 2020, the outstanding borrowings (nominal) under the Revolving Credit Facility amounted to €135.3 million. [3]

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.

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:

	12/31/2020	12/31/2019
	EUR m	EUR m
Inventories	768.9	802.7
Trade accounts receivable	56.8	75.9
Trade accounts payable	-670.4	-713.2
Other	32.6	62.4
Net Working Capital	187.9	227.9

[3] Available amount for borrowings is reduced by €52.4 million of outstanding rental guarantees

Net Working Capital decreased by €40.0 million to €187.9 million as of December 31, 2020 compared to December 31, 2019. This decrease is mainly a result of lower inventories, bonus receivables and trade accounts receivables partially offset by lower trade accounts payable.

Investments in non-current assets

The investments made during the three months ending December 31, 2020 mainly related to the refurbishment, maintenance and (re-)design of existing stores as well as IT and E-commerce.

The main source of funding for these investments has been and is expected to continue to be the positive cash flow from operating activities.

In the three months ending December 31, 2020, our cash-investment (Net cash flow from investing activities) in non-current assets amounted to €27.3 million, slightly below prior year payments of €31.1 million.

The investments during the first quarter of the financial year 2020/21 in tangible and intangible assets (CAPEX) consisted of €15.2 million additions compared to €18.9 million in the prior year reporting period.

Consolidated Cash Flow Data

			10/01/2020-12/31/2020 EUR m	10/01/2019-12/31/2019 EUR m
1.	=	EBITDA (=reported EBITDA)	148.4	215.1
2.	+/-	Increase/decrease in provisions	-12.7	-6.4
3.	+/-	Other non-cash expense/income	0.3	0.4
4.	+/-	Changes in net working capital without liabilities from investments in non-current assets	73.9	73.1
5.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	73.8	67.5
6.	-/+	Paid/reimbursed taxes	-6.0	-6.8
7.	=	Net cash flow from operating activities	277.7	342.9
8.	+	Proceeds from the disposal of non-current assets	0.3	0.1
9.	-	Investments in non-current assets	-27.5	-31.1
10.	=	Net cash flow from investing activities	-27.3	-31.1
11.		Free cash flow (total of 7. and 10.)	250.5	311.9
12.	-	Payments for the repayment of financial liabilities	-40.2	-16.1
13.	+	Proceeds from borrowings	9.8	1.1
14.	-	Interest paid	-17.1	-15.6
15.	+	Interest received	0.1	0.0
16.	=	Net cash flow from financing activities	-47.5	-30.7
17.		Net change in cash and cash equivalents (total of 7., 10. and 16.)	203.0	281.2
18.	+/-	Net change in cash and cash equivalents due to currency translation	-0.2	0.2
19.	+	Cash and cash equivalents at the beginning of the reporting period	256.3	81.0
20.	=	**Cash and cash equivalents at the end of the reporting period**	**459.1**	**362.4**

Three months ending December 31, 2020, compared to three months ending December 31, 2019

Cash Flow from operating activities

Cash provided by **operating activities** decreased by €65.2 million to €277.7 million during the three months ending December 31, 2020, from €342.9 million during the three months ending December 31, 2019. This decrease was mainly the result of a lower EBITDA in the background of the COVID-19 pandemic.

Cash Flow from investing activities

Cash used for **investing activities** (cash outflows) decreased by €3.8 million to €27.3 million during the first quarter ending December 31, 2020, from €31.1 million during the prior year reporting period.

Cash Flow from financing activities

During the three months ending December 31, 2020, cash used for **financing activities** (cash outflows) amounted to €47.5 million, compared to cash outflows of €30.7 million during the prior year reporting period. The increase of €16.8 million primarily relates to a decrease in RCF Ancillary Facility liabilities in the amount of €30.1 million, partly compensated by the settlement of contingent purchase price liabilities from the LLG acquisition in the amount of €15.0 million in the three months ending December 31, 2019.

Liquidity as at December 31, 2020

As at December 31, 2020 the cash balance amounted to € 459.1 million. Our net debt position includes the nominal values of the Term Loan B Facility, the Revolving Credit Facility (RCF) and the Notes on December 31, 2019.

	12/31/2020	12/31/2019
	EUR m	EUR m
Term Loan B	-1,670.0	-1,670.0
Senior Notes	-335.0	-335.0
Senior Secured Notes	-300.0	-300.0
Accrued interests	-23.4	-22.3
Revolving Credit Facility (RCF)	-135.3	0.0
Other financial indebtedness	-2.1	-0.1
Total Debt	-2,465.8	-2,327.4
Cash and cash equivalents	459.1	362.4
Net Debt	**-2,006.7**	**-1,965.0**

Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

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

Interim Consolidated Statement of Profit or Loss

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

		10/01/2020-12/31/2020 EUR m	10/01/2019-12/31/2019 EUR restated[4]
1.	Sales	1,172.9	1,292.9
2.	Cost of raw materials, consumables and supplies and merchandise	-659.9	-716.1
3.	Gross Profit	513.0	576.8
4.	Other operating income	78.9	94.4
5.	Personnel expenses	-149.5	-172.9
6.	Other operating expenses	-225.5	-210.5
7.	Result from impairments on financial assets	0.0	-0.2
8.	EBITDA (=reported EBITDA)	217.0	287.6
9.	Amortization/depreciation/impairments	-97.6	-101.4
10.	EBIT	119.3	186.3
11.	Financial income	87.9	12.8
12.	Financial expenses	-41.8	-34.4
13.	Financial result	46.1	-21.5
14.	EBT	165.5	164.7
15.	Income taxes	-25.7	-33.9
16.	**Profit (+) or Loss (-) of the period (Net Income)**	**139.7**	**130.8**
	Attributable to owners of the parent	*139.7*	*130.8*

[4] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

	Notes No.	10/01/2020-12/31/2020 EUR m	10/01/2019-12/31/2019 EUR m restated[5]
Profit (+) or Loss (-) of the period (Net Income)		139.7	130.8
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		-3.9	1.5
Components that will not be reclassified to profit or loss			
Actuarial gains/losses from pension provisions		0.0	0.0
Other comprehensive income		**-3.9**	**1.5**
Total comprehensive income		**135.9**	**132.3**
Attributable to owners of the parent		*135.9*	*132.3*

[5] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

Interim Consolidated Statement of Financial Position

of Kirk Beauty One GmbH as of December 31, 2020

Assets		12/31/2020 EUR m	12/31/2019 EUR m restated[6]	09/30/2020 EUR m
A.	Non-current assets			
I.	Intangible assets	2,039.7	2,344.5	2,045.1
II.	Property, plant and equipment	261.6	298.9	278.0
III.	Right-of-use assets from leases	1,178.4	1,380.5	1,230.9
IV.	Financial assets	935.0	602.5	851.8
V.	Deferred tax assets	57.4	86.8	60.2
		4,472.1	4,713.2	4,465.9
B.	Current assets			
I.	Inventories	768.9	802.7	738.6
II.	Trade accounts receivable	56.8	75.9	37.5
III.	Tax receivables	19.9	30.2	23.2
IV.	Financial assets	245.8	285.3	164.8
V.	Other assets	30.2	24.4	34.8
VI.	Cash and cash equivalents	459.1	362.4	256.3
		1,580.7	1,580.9	1,255.2
Total		6,052.8	6,294.1	5,721.1

[6] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

Equity and Liabilities		12/31/2020 EUR m	12/31/2019 EUR m restated[7]	09/30/2020 EUR m
A.	Equity			
I.	Capital stock*	0.0	0.0	0.0
II.	Additional paid-in capital	1125.1	1125.1	1,125.1
III.	Reserves	-322.0	-126.6	-457.8
		803.2	**998.5**	**667.3**
B.	Non-current liabilities			
I.	Pension provisions	37.6	39.8	37.9
II.	Other non-current provisions	57.3	53.1	58.1
III.	Financial liabilities	3,331.3	3,437.1	3,371.5
IV.	Other liabilities	18.0	9.8	14.6
V.	Deferred tax liabilities	193.5	199.3	193.7
		3,637.6	**3,739.1**	**3,675.8**
C.	Current liabilities			
I.	Current provisions	112.0	109.2	123.5
II.	Trade accounts payable	670.4	713.2	503.5
III.	Tax liabilities	140.0	146.8	68.7
IV.	Financial liabilities	423.7	331.6	458.6
V.	Other liabilities	265.9	255.6	223.7
		1,612.0	**1,556.6**	**1,378.0**
Total		**6,052.8**	**6,294.1**	**5,721.1**

*) Capital stock amounts to €25.000,00.

[7] Restated; please refer to the chapter “Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019”.

Interim Statement of Changes in Group Equity

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

			Attributable to owners of the parent			
				Reserves		
	Capital stock* EUR m	Additional paid-in capital EUR m	Other reserves EUR m	Reserves for pension provisions EUR m	Differences from currency translation EUR m	Total EUR m
10/01/2020	0.0	1,125.1	-450.5	-2.0	-5.3	667.3
Currency translation					-3.9	-3.9
Profit (+) or Loss (-) of the period (Net Income)			139.7			139.7
Total comprehensive income	0.0	0.0	139.7	0.0	-3.9	135.9
12/31/2020	**0.0**	**1,125.1**	**-310.7**	**-2.0**	**-9.2**	**803.1**

			Attributable to owners of the parent			
				Reserves		
	Capital stock* EUR m	Additional paid-in capital EUR m	Other reserves EUR m	Reserves for pension provisions EUR m	Differences from currency translation EUR m	Total EUR m
10/01/2019	0.0	1,125.1	-260.2	-2.9	-2.9	859.1
Error correction in current accounts			9.4			9.4
Adjustment on initial application of IFRS 16			-2.3			-2.3
Adjusted balance 01/10/2019	0.0	1,125.1	-253.2	-2.9	-2.9	866.1
Currency translation					1.5	1.5
Profit (+) or Loss (-) of the period (Net Income)			130.8			130.8
Total comprehensive income	0.0	0.0	130.8	0.0	1.5	132.3
12/31/2019[8]	**0.0**	**1,125.1**	**-122.4**	**-2.9**	**-1.4**	**998.4**

[8] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

Interim Consolidated Statement of Cash Flows

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

			10/01/2020-12/31/2020 EUR m	10/01/2019-12/31/2019 EUR m restated[9]
1.		Profit (+) or Loss (-) of the period (Net Income)	139.7	130.8
2.	+	Income taxes	25.7	33.9
3.	+	Financial result	-46.1	21.5
4.	+	Amortization/depreciation/impairments	97.6	101.4
5.	=	EBITDA (=reported EBITDA)	217.0	287.6
6.	+/-	Increase/decrease in provisions	-12.7	-6.4
7.	+/-	Other non-cash expense/income	0.3	0.4
8.	+/-	Changes in net working capital without liabilities from investments in non-current assets	73.9	73.1
9.	+/-	Changes in other assets and liabilities not classified as investing or financing activities	82.0	67.5
10.	-/+	Paid/reimbursed taxes	-6.0	-6.8
11.	=	Net cash flow from operating activities	354.5	415.4
12.	+	Proceeds from the disposal of non-current assets	0.3	0.1
13.	-	Investments in non-current assets	-27.5	-31.1
14.	=	Net cash flow from investing activities	-27.3	-31.1
15.		Free cash flow (total of 11. and 14.)	327.2	384.4
16.	-	Payments for the repayment of financial liabilities	-105.7	-84.0
17.	+	Proceeds from borrowings	9.8	1.1
18.	-	Interest paid	-28.3	-20.3
19.	+	Interest received	0.1	0.1
20.	=	Net cash flow from financing activities	-124.2	-103.3
21.		Net change in cash and cash equivalents (total of 11., 14. and 20.)	203.0	281.2
22.	+/-	Net change in cash and cash equivalents due to currency translation	-0.2	0.2
23.	+	Cash and cash equivalents at the beginning of the reporting period	256.3	81.0
24.	=	**Cash and cash equivalents at the end of the reporting period**	**459.1**	**362.4**

[9] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

Notes to the Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

Segment Reporting

Reportable Segments

		Germany		France		South-Western Europe	
		10/01/2020-12/31/2020	10/01/2019-12/31/2019 restated[10]	10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2020-12/31/2020	10/01/2019-12/31/2019
Sales (net)	EUR m	453.0	480.9	287.3	309.1	312.3	369.4
Intersegment sales	EUR m	19.7	13.2	0.0	0.0	0.0	0.0
Sales	EUR m	472.7	494.1	287.3	309.1	312.3	369.4
EBITDA (=reported EBITDA)	EUR m	59.5	90.2	68.0	76.5	57.8	84.9
EBITDA-margin	%	13.1	18.8	23.7	24.8	18.5	23.0
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-21.7	-24.2	-11.8	-10.9	-26.0	-28.9
Key performance indicator to be adjusted	EUR m	37.8	66.0	56.2	65.7	31.8	56.0
Sales-margin on key performance indicator to be adjusted	%	8.3	13.7	19.6	21.2	10.2	15.1
Sum of adjustments	EUR m	17.2	0.0	2.7	2.4	5.8	1.2
Adjusted EBITDA	EUR m	55.0	66.1	58.9	68.1	37.6	57.2
Adjusted EBITDA-margin	%	12.1	13.7	20.5	22.0	12.0	15.5
Inventories	EUR m	256.6	263.3	119.1	132.9	301.2	307.2
Capital expenditure	EUR m	8.6	8.5	1.6	2.2	2.0	3.1

[10] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

		Eastern Europe		Consolidation		Kirk Beauty One GmbH	
		10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2020-12/31/2020	10/01/2019-12/31/2019 restated[11]
Sales (net)	EUR m	120.2	133.5	0.0	0.0	1,172.9	1,292.9
Intersegment sales	EUR m	0.0	0.0	-19.7	-13.2	0.0	0.0
Sales	EUR m	120.2	133.5	-19.7	-13.2	1,172.9	1,292.9
EBITDA (=reported EBITDA)	EUR m	31.9	35.8	-0.3	0.2	217.0	287.6
EBITDA-margin	%	26.6	26.8			18.5	22.2
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-8.9	-8.5	0.0	0.0	-68.5	-72.5
Key performance indicator to be adjusted	EUR m	23.0	27.3	-0.3	0.2	148.4	215.1
Sales-margin on key performance indicator to be adjusted	%	19.1	20.4			12.7	16.6
Sum of adjustments	EUR m	3.2	0.6	0.0	0.0	28.8	4.3
Adjusted EBITDA	EUR m	26.2	27.9	-0.3	0.2	177.3	219.4
Adjusted EBITDA-margin	%	21.8	20.9			15.1	17.0
Inventories	EUR m	97.0	103.9	-5.0	-4.6	768.9	802.7
Capital expenditure	EUR m	3.0	5.1	0.0	0.0	15.2	18.9

Chief Operating Decision Maker, reportable and operating segments

In conformity with IFRS 8 "Operating Segments", the reporting segments are categorized based on their organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker. Unchanged to the financial year ending September 30, 2020, the Douglas Group's countries are classified as operating segments which are allocated to the reportable segments Germany, France, South-Western Europe and Eastern Europe.

Segment Performance Indicator

The segment performance indicator is Adjusted EBITDA.

Alongside sales, adjusted EBITDA is the Douglas-Group's key financial performance indicator that is used to assess the performance of the segments and manage resource allocation.

Segment sales represent sales with external third parties. Intersegment sales present sales between individual segments. The allocation of segment sales is based on the registered office of the selling unit.

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.

Internal licensing costs and other similar costs charged from the segment Germany to the segments South-Western Europe and Eastern Europe were not included in the presentation of segment EBITDA and adjusted segment EBITDA, in accordance with the internal steering logic.

Adjusted EBITDA is defined as follows:

[11] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

The EBITDA reported in the Consolidated Statement of Profit or Loss is adjusted for those lease expenses and income in accordance with the former IAS 17 that are to be capitalized in accordance with IFRS 16. The resulting "key performance indicator to be adjusted" is adjusted for those items which, in the opinion and decision of the management of Kirk Beauty One GmbH, are non-regularly recurring, exceptional or unsuitable for internal control. Adjusted EBITDA is also decisive for calculating the underlying covenants of loan financing.

The resulting "key performance indicator to be adjusted" is adjusted for those items which, in the opinion and decision of the management of Kirk Beauty One GmbH, are non-regularly recurring, exceptional or unsuitable for internal control.

Because not all companies that publish financial information calculate EBITDA and Adjusted EBITDA on a uniform 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.

Adjustments

Adjustments include, but are not limited to PPA effects, consulting fees, restructuring costs, costs such as credit card fees deemed as financing costs and other extraordinary costs. The definition of adjustments is unchanged compared to the Kirk Beauty One IFRS Consolidated Financial Statements as at September 30, 2020.

The adjustments are basically divided into the following five categories: "Credit card fees," "Purchase price allocations (PPA)," "Restructuring costs and severance payments," "Consulting fees" and "Other adjustments“. In view of the abnormal situation and uniqueness of the COVID-19 pandemic, certain related expenses and income have also, in the opinion of management, to be adjusted and have been disclosed separately in the category "COVID-19-effects".

- Credit card fees:
  Fees charged for the use of credit cards are classified as financial expenses and are reclassified to these
- Purchase Price Allocations (PPA):
  EBITDA effects in profit or loss concerning the amortization of hidden reserves disclosed in connection with business combinations
- Restructuring costs and severance payments:
  Expenses in connection with the sale or termination of a business unit, the permanent closure or sale of a group of stores, significant changes in the structure of management or fundamental reorganizations. Within this context, expenses in the form of severance payments and salary continuation payments without replacement of the position, furthermore in the case of management positions at national or Group level irrespective of the replacement of the position, are to be mentioned in particular.
- Consulting fees:
  In relation to strategic projects, acquisitions and financing.
- COVID-19-effects:
  The COVID-19 related lockdown led to several temporary closures of our stores across Europe, resulting in a significant drop of our overall Net Sales. Furthermore, some of our employees were on short-time labor which led to a substantial decrease in our personnel expenses. COVID-19 adjustments particularly resulted from lockdown-caused temporary store closures, mainly in the form of rent-related idle costs of €7.7 million and staff-related idle costs of €3.9 million (comprising offsetting effects from payroll-related subsidies, totaling €1.2 million) as well as costs of €0.5 million for external staffing. Adjustments comprised offsetting effect from staff-related subsidies, totaling €1.2 million. Additional direct costs amounted to €1.3 million and especially included expenses for the purchase of hygiene articles such as disinfectants and masks and cleaning costs amounting to €0.6 million.

- Other adjustments
  Other matters that do not recur on a regular basis, are exceptional or are not suitable for internal management. These include in particular: Restructuring expenses that are not personnel-related, write-downs of receivables, impairment losses on inventories if not reported separately due to materiality, income from the reversal of previously adjusted provisions.

Reconciliation from EBITDA to Adjusted EBITDA

of Kirk Beauty One GmbH for the period from October 1, 2020 through December 31, 2020

	10/01/2020-12/31/2020 EUR m	10/01/2019-12/31/2019 EUR m restated[12]
EBITDA (=reported EBITDA)	217.0	287.6
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	-68.5	-72.5
Key performance indicator to be adjusted	148.4	215.1
Credit card fees	6.1	6.0
Purchase Price Allocations (PPA)	3.3	0.9
Consulting fees	5.3	3.4
COVID-19-effects	13.3	0.0
Other adjustments	0.8	-6.0
Sum of adjustments	28.8	4.3
Adjusted EBITDA	**177.3**	**219.4**

Other explanations on segment reporting

The recognized segment sales correspond to sales with external third parties. Internal sales account for sales between individual segments. The allocation of segment sales is based on the registered office of the selling unit. The allocation of sales to the reporting segment is based on the registered location of the selling company.

The monthly reporting to the chief operating decision-maker only shows the inventories of individual segments as segment assets. Inventories shown in segment reporting include purchased goods, raw materials, consumables and supplies and advance payments for inventories.

Capital expenditure shown in segment reporting relates to additions made to intangible assets and property, plant and equipment.

Transfers between segments are generally performed at the same prices that would apply if the transaction were executed with third parties (arm's length transactions).

[12] Restated; please refer to the chapter "Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019".

General principles

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

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

These Interim Consolidated Financial Statements cover the period of the first three months of the financial year 2020/21 from October 1, 2020 through December 31, 2020 (interim period) as of December 31, 2020 (interim reporting date) and were prepared in compliance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and mandatory for the financial year 2020/21.

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 for the financial year ending September 30, 2020. They do not include all 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 Annual Consolidated Financial Statements.

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

Assumption of going concern as the basis for accounting

The financial risks represent a going concern risk for the Douglas-Group. The following material uncertainties exist:

- the follow-up refinancing until maturity in 2022 and 2023 must succeed,
- the necessary and planned increase in earning power in the Group's transformation process must be achieved and thus solvency maintained, and
- the liquidity of the Group must not be further burdened by further delays in opening the stores.

The long-term financing of the Douglas-Group is provided by a senior syndicated loan agreement including a Revolving Credit Facility and Ancillary Facilities as well as corporate bonds issued. The risk of a lack of follow-up financing until maturity in 2022 or 2023 for the company's portfolio is generally and overall assessed as high, but the occurrence of this risk is considered to be rather low. Overall, the Douglas-Group has financial resources of €2,505.0 million at its disposal through the senior syndicated loan agreement including the Revolving Credit Facility and the corporate bonds issued. With the Revolving Credit Facility and the Ancillary Facilities drawn down in the amount of €135.3 million as of December 2020, the credit lines are almost exhausted. According to current planning, the Douglas-Group will not be in a position to repay these liabilities from its own funds when the non-current financial liabilities mature, so that refinancing will have to be successful.

During the term of the financing agreements, the Douglas-Group must, among other obligations, in particular service the cost of capital on time and maintain a certain ratio between adjusted

EBITDA and debt (financial covenant). However, the obligation to comply with the ratio of Adjusted EBITDA to debt only arises when at least 40.0 percent or €80 million (threshold) of the Revolving Credit Facility has been drawn by Revolving Credit Facility Loans.

The ongoing servicing of the cost of capital generally assumes that the Douglas-Group's planning will not be significantly missed in terms of sales, earnings and cash flow development.

The COVID-19 pandemic has had and continues to have a substantial impact on the Douglas-Group's business. The original plans for sales and earnings for the financial year 2019/20 from October 2019 were significantly missed.

It is now clear that COVID-19 has also an impact on the Group's further development in the 2020/21 financial year. At present, a reduction in financing reserves is assumed for the Douglas Group, taking into account the current lockdown-caused store closures and restrictions in some countries and the assumed openings from March 2021 on. Each additional week of lockdown-caused store closures further increases the liquidity risk.

The massive shift in business to digital retail and the compensation for the associated decline in store business, as well as the adjustment of the store network, are thus seen as a necessary step to increase profitability.

According to the liquidity planning there are only limited liquidity reserves beyond the reporting date of September 30, 2021 in order to maintain solvency at all times even in the event of further budget shortfalls or an extended period of lockdown-caused store closures.

Therefore Douglas-Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Retrospective restatement of comparative information for the first quarter of the prior year ending as of December 31, 2019

The Group has identified and corrected the following errors in the first quarter of the prior year:

Accrued expenses in the reportable segment Germany were overstated by €23.6 million. As a result, cost of raw materials, consumables and supplies and merchandise and related trade accounts payable were overstated.

Some IFRS 16 related postings based on insufficient information were incomplete or incorrect (especially previously unidentified leases or subleases as well as incorrect lease terms). Based on current information appropriate correction have been made, with primarily effects on right-of-use assets from leases, and corresponding financial liabilities as well as financial assets for sub leases.

The expected useful life of a building has been reconsidered. As a result, property plant and equipment were understated by €13.8 million. The error was corrected in equity partially offset by deferred tax liabilities.

All restatements of comparative information for the first quarter of the prior financial year 2019/20 have been considered and corrected in the last Annual Consolidated Financial Statements as at and for the financial year ending September 30, 2020.

The errors were corrected by adjusting the affected items in therestatement effects o financial statements for previous years accordingly. The following tables summarize the effects on the Interim Consolidated Financial Statements.

Restatements effects on Interim Consolidated Statement of Profit or Loss

of Kirk Beauty One GmbH for the period from October 1, 2019 through December 31, 2019.

		Effects of the restatement		
		As previously reported EUR m	Restatements EUR m	Restated EUR m
2.	Cost of raw materials, consumables and supplies and merchandise	-739.8	23.6	-716.1
3.	Gross Profit	553.1	23.6	576.8
4.	Other operating income	97.0	-2.6	94.4
6.	Other operating expenses	-212.7	2.2	-210.5
8.	EBITDA (=reported EBITDA)	264.4	23.2	287.6
9.	Amortization/depreciation/impairments	-103.2	1.8	-101.4
10.	EBIT	161.3	25.0	186.3
11.	Financial income	12.8	0.1	12.8
12.	Financial expenses	-33.4	-1.0	-34.4
13.	Financial result	-20.7	-0.9	-21.5
14.	EBT	140.6	24.1	164.7
16.	**Profit (+) or Loss (-) of the period (Net Income)**	**106.7**	**24.1**	**130.8**
	Attributable to owners of the parent	*106.7*	*24.1*	*130.8*

Restatement effect on Interim Consolidated Statement of Financial Position

of Kirk Beauty One GmbH as of December 31, 2019

Assets		Effects of the restatement		
		As previously reported EUR m	Restatements EUR m	Restated EUR m
A.	Non-current assets			
II.	Property, plant and equipment	285.2	13.8	298.9
III.	Right-of-use assets from leases	1,300.0	80.4	1,380.5
IV.	Financial assets	579.7	22.9	602.5
		4,596.2	117.1	4,713.2
B.	Current assets			
IV.	Financial assets	289.2	-3.9	285.3
		1,584.8	-3.9	1,580.9
Total		6,181.0	113.1	6,294.1

Equity and Liabilities		Effects of the restatement		
		As previously reported EUR m	Restatements EUR m	Restated EUR m
A.	Equity			
III.	Reserves	-157.8	31.2	-126.6
		967.3	31.2	998.5
B.	Non-current liabilities			
III.	Financial liabilities	3,361.1	76.1	3,437.1
V.	Deferred tax liabilities	194.9	4.4	199.3
		3,658.6	80.5	3,739.1
C.	Current liabilities			
II.	Trade accounts payable	736.9	-23.6	713.2
IV.	Financial liabilities	306.5	25.2	331.6
		1,555.1	1.5	1,556.6
Total		6,181.0	113.1	6,294.1

Restatements effects on Interim Consolidated Statement of Cash Flows

of Kirk Beauty One GmbH for the period from October 1, 2019 through December 31, 2019.

			Effects of the restatement		
			As previously reported EUR m	Restatements EUR m	Restated EUR m
1.		Profit (+) or Loss (-) of the period (Net Income)	106.7	24.1	130.8
2.	+	Income taxes	33.9	0.0	33.9
3.	+	Financial result	20.7	0.9	21.5
4.	+	Amortization/depreciation/impairments	103.2	-1.8	101.4
5.	=	EBITDA (=reported EBITDA)	264.4	23.2	287.6
7.	+/-	Other non-cash expense/income	0.0	0.4	0.4
8.	+/-	Changes in net working capital without liabilities from investments in non-current assets	96.7	-23.6	73.1
9.	+/-	Changes in other assets and liabilities not classified as investing or financing activities	67.5	0.0	67.5
11.	=	Net cash flow from operating activities	415.5	0.0	415.4
15.		Free cash flow (total of 11. and 14.)	384.4	0.0	384.4
16.	-	Payments for the repayment of financial liabilities	-88.7	4.7	-84.0
18.	-	Interest paid	-15.6	-4.7	-20.3
21.		Net change in cash and cash equivalents (total of 11., 14. and 20.)	281.2	0.0	281.2
24.	**=**	**Cash and cash equivalents at the end of the reporting period**	**362.4**	**0.0**	**362.4**

Restatements effects on Reportable Segments

of Kirk Beauty One GmbH for the first quarter of the fiscal year 2019/20 ending as of December 31, 2019

		Germany			Kirk Beauty One GmbH	
		10/01/2019-12/31/2019			10/01/2019-12/31/2019	
		Effects of the restatement			Effects of the restatement	
		As previously reported	Restatements	Restated	As previously reported	Restated
EBITDA (=reported EBITDA)	EUR m	67.0	23.2	90.2	264.4	287.6
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-24.6	0.4	-24.2	-73.0	-72.5
Key performance indicator to be adjusted	EUR m	42.4	23.6	66.0	191.5	215.1
Adjusted EBITDA	EUR m	42.4	23.6	66.1	195.8	219.4

Retrospective restatement of information for the first quarter of the financial year preceeding the prior year and ending as of December 31, 2018

The Group has identified and corrected the following errors in the first quarter of the prior year ending as of December 31, 2018.

Accrued expenses in the reportable segment Germany were overstated by €23.4 million. As a result, cost of raw materials, consumables and supplies and merchandise were overstated by €22.9 million and other operating expenses by €0.5 million as well as related trade accounts payable were overstated by €23.4 million.

Restatements effects on Interim Consolidated Statement of Profit or Loss

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

		Effects of the restatement		
		As previously reported EUR m	Restatements EUR m	Restated EUR m
2.	Cost of raw materials, consumables and supplies and merchandise	-692.2	22.9	-669.3
3.	Gross Profit	527.5	22.9	550.4
6.	Other operating expenses	-277.2	0.5	-276.7
8.	EBITDA (=reported EBITDA)	175.3	23.4	198.8
10.	EBIT	147.0	23.4	170.4
14.	EBT	128.2	23.4	151.6
16.	**Profit (+) or Loss (-) of the period (Net Income)**	**90.5**	**23.4**	**114.0**
	Attributable to owners of the parent	*90.5*	*23.4*	*114.0*

Restatement effect on Interim Consolidated Statement of Financial Position

of Kirk Beauty One GmbH as of December 31, 2018

			Effects of the restatement	
		As previously reported EUR m	Restatements EUR m	Restated EUR m
A.	Equity			
III.	Reserves	-138.0	23.4	-114.6
		987.1	23.4	1,010.6
C.	Current liabilities			
II.	Trade accounts payable	804.5	-23.4	781.0
		1,331.3	-23.4	1,307.9
Total		4,912.3	0.0	4,912.3

Restatements effects on Reportable Segments

of Kirk Beauty One GmbH for the first quarter of the fiscal year 2018/19 ending as of December 31, 2018

		Germany 10/01/2018-12/31/2018	Effects of the restatement		Kirk Beauty One GmbH 10/01/2018-12/31/2018	Effects of the restatement	
		As previously reported	Restatements	Restated	As previously reported	Restatements	Restated
EBITDA (=reported EBITDA)	EUR m	32.0	23.4	55.5	175.3	23.4	198.8
EBITDA-margin	%	7.2	5.3	12.4	14.4	1.9	16.3
Adjusted EBITDA	EUR m	36.8	23.4	60.3	186.3	23.4	209.8
Adjusted EBITDA-margin	%	8.3	5.3	13.5	15.3	1.9	17.2

New accounting standards

Any of the new standards not yet applied by Kirk Beauty One GmbH, have no material impact on the presentation of the Interim Consolidated Financial Statements of Kirk Beauty One.

Reference is made to the overview summary of newly implemented or revised IASB accounting standards and interpretations in No. 2 of the Kirk Beauty One's last Annual Consolidated Financial Statements as at and for the financial year ending September 30, 2020.

Consolidation principles

Group of consolidated companies

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

	Germany	Other countries	Total
10/01/2020	**23**	**33**	**56**
companies consolidated for the first time	0	0	0
deconsolidated companies	0	0	0
merged companies	0	0	0
12/31/2020	**23**	**33**	**56**

Currency translation

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

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

		Average exchange rate 10/01/2020-12/31/2020 EUR	Closing rate 12/31/2020 EUR	Average exchange rate 10/01/2019-12/31/2019 EUR	Closing rate 12/31/2019 EUR
Bulgarian Lev	BGN	0.51130	0.51130	0.51130	0.51130
Swiss Franc	CHF	0.93431	0.92575	0.89874	0.92132
Czech Koruna	CZK	0.03780	0.03811	0.03896	0.03936
Croatian Kuna	HRK	0.13265	0.13242	0.13480	0.13442
Hungarian Forint	HUF	0.00285	0.00275	0.00307	0.00303
Polish Zloty	PLN	0.22506	0.21931	0.23269	0.23492
Romanian Lei	RON	0.20670	0.20541	0.21072	0.20907
Turkish Lira	TRY	0.12432	0.10973	0.15730	0.14960
U.S. Dollar	USD	0.87621	0.81493	0.89318	0.89015

Foreign currency transactions are recognized in the functional currency as translated at the applicable exchange rate at the time of the transaction. Monetary assets and liabilities nominally denominated in such foreign currencies are translated at the exchange rate on the interim reporting date. All differences resulting from currency translation are recognized in profit or loss in the Consolidated Statement of Profit or Loss.

Accounting and valuation principles

The accounting and valuation principles for the reporting period are substantially consistent with those applied for the Kirk Beauty One's Annual Consolidated Financial Statements as of September 30, 2020.

In calculating the expense relating to taxes on income, the interim tax expense is determined on the basis of the estimated effective income tax rate for the current fiscal year.

Comprising the Christmas season and besides events like Black Friday or Singles' Day, the first quarter of our fiscal year is measured in terms of Net Sales and Adjusted EBITDA the most important quarter, which is typical for a retailer in the consumer sector. All sales-related, seasonal or cyclical issues have been considered during the interim financial and business judgement was applied accordingly.

Use of judgements

Douglas makes discretionary decisions when determining the term of leases, considering renewal and / or termination options. The assessment of whether these options are exercised with sufficient certainty affects the term and consequently also the measurement of the lease liability and the right of use of a lease. The classification of lessor-related leases as operating or finance leases is also subject to discretionary decisions.

Assumptions and estimates

Assumptions and estimates have been made in the preparation of the Consolidated Financial Statements that impact the disclosure and amount of the assets and liabilities, income and expenses carried in these statements. These assumptions and estimates were used, particularly, in assessing whether or not there are any triggering events indicating the need for testing non-financial assets for impairment and the impairment losses under IFRS 9 with focus on the determination of the probability of occurrence of scenarios and the credit risk (loss rate), the determination of useful lives and valuing provisions and pension provisions and uncertain tax positions and estimating the probability that future tax refunds will be realized. Actual values may vary in individual cases from the assumptions and estimates made. Changes are recognized in income as soon as more detailed information is known. In particular, the impairments of financial and non-financial assets were significantly affected by the COVID-19 pandemic and may involve greater uncertainty.

Net sales

	Germany 10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2019-09/30/2020	10/01/2018-09/30/2019	France 10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2019-09/30/2020	10/01/2018-09/30/2019
Net sales stores	224.6	325.8	758.2	901.1	197.0	263.0	582.9	675.4
Net sales ecommerce	227.3	153.2	507.3	378.7	88.0	43.2	96.9	85.4
Net sales other	1.1	2.0	4.9	9.4	2.3	3.0	8.2	6.2
Total	453.0	480.9	1,270.4	1,289.1	287.3	309.1	688.0	767.1

	South-Western Europe 10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2019-09/30/2020	10/01/2018-09/30/2019	Eastern Europe 10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2019-09/30/2020	10/01/2018-09/30/2019
Net sales stores	223.0	326.9	764.0	950.4	90.9	118.0	286.6	312.8
Net sales ecommerce	88.8	40.3	159.2	93.0	29.3	11.9	58.0	27.0
Net sales other	0.6	2.1	6.6	8.0	0.0	3.7	0.0	6.0
Total	**312.3**	**369.4**	**929.8**	**1,051.5**	**120.2**	**133.5**	**344.5**	**345.8**

	Consolidation 10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2019-09/30/2020	10/01/2018-09/30/2019	Kirk Beauty One GmbH 10/01/2020-12/31/2020	10/01/2019-12/31/2019	10/01/2019-09/30/2020	10/01/2018-09/30/2019
Net sales stores	0.0	0.0	0.0	0.0	735.5	1,033.6	2,391.7	2,839.7
Net sales ecommerce	0.0	0.0	0.0	0.0	433.4	248.6	821.5	584.1
Net sales other	0.0	0.0	0.0	0.0	3.9	10.7	19.5	29.6
Total	**0.0**	**0.0**	**0.0**	**0.0**	**1,172.9**	**1,292.9**	**3,232.7**	**3,453.5**

The comparative information for the fiscal years ending as of September 30, 2020 and as of September 30, 2019 have been disclosed for the first time and retrospectively according to IAS 8.42.

Impairment of Assets

Impairment tests at store level, as cash-generating units (CGUs), lead to write-downs totaling €5.7 million (prior year: €0.0 million), of which €3.3 million (prior year: €0.0 million) were attributable to the segment Germany, €0.3 million (prior year: €0.0 million) to France, €2.1 million (prior year: €0.0 million) to South-Western Europe and €0.0 million (prior year: €0.0 million) to Eastern Europe. Triggering events for stores subject to impairment testing are, in particular, negative contribution margins as a result of a decline in customer frequency, also due to COVID-19 and planned, approved and announced permanent store closures.
For impairment testing the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is calculated as being the value in use based on discounted future cash flows from internal forecasts. Planning assumptions include sales growth, gross profit/EBITDA forecasts, estimates of replacement investments in the store network, the ratio of personnel expenses to sales and other cost ratios relating to individual stores. The forecasts are based on the residual term of the respective lease agreements including any extension options. The forecast term is between one and fifteen years. Calculations are based on interest rates of between 5.5 percent and 9.0 percent, before taxes and materially unchanged compared to the last Annual Consolidated Financial Statements for the financial year ending September 30, 2020.

We also saw the ongoing COVID-19 pandemic as a trigger for performing a goodwill impairment test. The parameters used in the test are essentially unchanged to those used in the impairment test as of September 30, 2020; this applies in particular to the planning assumptions. The range of capitalization rates after taxes is 6.4% to 9.7%. The calculation of the perpetual annuity continues to be based on a risk-adjusted growth rate of 1%. For operating segments whose value in use was below the carrying amount of the cash-generating unit, the fair value less cost of disposal was also determined. The recoverable amount is in all cases above the carrying amount, so that there is no need for impairment.

Fair value of financial instruments[13]

Financial instruments categorized in accordance with IFRS 9 as of December 31, 2020

	Net book value EUR m	Category	Not measured at fair value EUR m	Fair value through profit or loss EUR m	Fair Value through OCI EUR m	Fair Value EUR m	Level
Trade accounts receivable	**56.8**	**AC**					
Cash and cash equivalents	**459.1**	**AC**					
Financial assets							
Receivables against shareholders	918.9	AC	918.9			918.9	2
Equity participations	2.1	FVtPL		2.1		2.1	2
Miscellaneous financial assets	259.8	AC	259.8			259.8	2
Total financial assets	**1,180.8**						
Trade accounts payable	**670.4**	**AC**					
Financial liabilities							
Purchase price liability arising from derivative financial instruments	1.6	AC	1.6			1.6	2
Liabilities to bank	1,808.8	AC	1,808.8			1,808.8	2
Liabilities from Senior Secured Notes	306.1	AC	306.1			265.5	1
Liabilities from Senior Notes	344.2	AC	344.2			212.7	1
Liabilities from minority options	11.7	AC	11.7			11.7	2
Liabilities from minority options	5.4	AC	5.4			5.4	3
Miscellaneous financial liabilities	1.4	AC	1.4			1.4	2
Total financial liabilities according to IFRS 9	**2,479.3**						
Lease liabilities according to IFRS 16	1,275.7						
Total financial liabilities	**3,755.0**						

[13] Abbreviations used for the categories of financial instruments according to IFRS 9
AC – Measured at amortized cost;
FVtPL – Measured at fair value through profit or loss

Financial instruments categorized in accordance with IFRS 9 as of September 30, 2020.

	Net book value EUR m	Category	Not measured at fair value EUR m	Fair value through profit or loss EUR m	Fair Value through OCI EUR m	Fair Value EUR m	Level
Trade accounts receivable	**37.5**	**AC**					
Cash and cash equivalents	**256.3**	**AC**					
Financial assets							
Receivables against shareholders	831.4	AC	831.4			831.4	2
Equity participations	2.1	FVtPL		2.1		2.1	2
Miscellaneous financial assets	183.1	AC	183.1			183.1	2
Total financial assets	**1,016.6**						
Trade accounts payable	**503.5**	**AC**					
Financial liabilities							
Purchase price liability arising from derivative financial instruments	2.0	AC	2.0			2.0	2
Liabilities to bank	1,838.0	AC	1,838.0			1,838.0	2
Liabilities from Senior Secured Notes	301.0	AC	301.0			274.8	1
Liabilities from Senior Notes	336.5	AC	336.5			224.8	1
Liabilities from minority options	11.7	AC	11.7			11.7	2
Liabilities from minority options	5.4	AC	5.4			5.4	3
Miscellaneous financial liabilities	3.6	AC	3.6			3.6	2
Total financial liabilities according to IFRS 9	**2,498.3**						
Lease liabilities according to IFRS 16	1,331.8						
Total financial liabilities	**3,830.1**						

Miscellaneous financial assets comprise several mainly short-term receivables.

Fair values of the Notes liabilities are calculated on the basis of market prices quoted on active markets (level 1).

A mark-to-market measurement based on yield curves available on the market is conducted for the interest rate caps presented as derivative financial instruments under “Assets” (level 2).

The contingent purchase price liability associated with the acquisition of the remaining 49 percent of the shares in Niche-Beauty.COM GmbH was recognized as a liability to minority shareholders at its fair value of €5.3 million as of the reporting date. The remaining 49 percent of the shares were acquired with economic effect from January 1, 2022 and subject to the condition precedent of payment of the second purchase price tranche. The purchase price of the 49 percent stake is also determined by the achievement of certain economic performance indicators. The expected value was determined on the basis of an equal distribution of the performance indicators within a range around the target achievement level. The expected value was discounted at an interest rate of 1.5 percent. The sensitivity of the fair value lies between the lower limit of €3.5 million and the upper limit of €6.0 million.

The contingent purchase price liability associated with the acquisition of the remaining 20 percent of the shares in Parfümerie AKZENTE GmbH was recognized as contingent consideration at its fair value of €8,0 million as of the reporting date. The put option can take place within a period of 90 days after October 1, 2021 for the remaining 20 percent of the shares. The purchase price of the 20 percent stake is nearly fix.

In terms of trade accounts receivable and trade accounts payable, fair values equal the carrying amounts due to the short maturities involved. In case of receivables from the parent company Kirk Beauty Two GmbH, the carrying amount is identical to the fair value as well, as the interest rate was negotiated in accordance with standard market conditions.

The IFRS 9-valuation of the receivables from the parent company Kirk Beauty Two GmbH as of December 31, 2020 resulted in a reversal of former write-down accounting for €75.5 million and is based on market parameters which are deducted from credit default swaps of a similar rating, without tax effects.

Since then, market interest rates have changed slightly. On the other hand, the credit risk has increased. Since the carrying amount already takes the credit risk until maturity into account, it substantially equals fair value still.

Fair values of liabilities to banks are based on expected cash flows of contractual agreements, discounted with a credit-risk-adjusted rate. Calculating the fair value of the syndicated bank loan, a particularity exists. In addition to the variable EURIBOR base rate, adjustments to the credit margin are also regularly made within legally defined boundaries. Credit margins are reassessed on a quarterly basis, regarding the development of certain corporate key figures. The reassessment is based on ratios that the syndicate would also include in the assessment of credit risk. As a result, interest expectations as of the reporting date are largely equivalent to fair credit interest assessment. As there were no interest accruals as of the reporting date, the fair value only deviates from the nominal value of the liability to an immaterial extent.

Fair values of other financial instruments are calculated using the present values of contractually agreed payments in consideration of country-specific interest yield curves.

Equity participations are measured at fair value. No sale of these equity participations is planned as of the reporting date.

Borrowing liabilities

As of December 31, 2020, and as of September 30, 2020 the borrowings comprise Senior Notes and bank liabilities, including drawn Revolving Credit Facilities and other borrowings as follows:

	12/31/2020		09/30/2020	
	Nominal amount EUR m	Carrying amount EUR m	Nominal amount EUR m	Carrying amount EUR m
Senior Secured Notes	300.0	306.1	300.0	301.0
Senior Notes	335.0	344.2	335.0	336.5
Term Loan B Facility	1,670.0	1,670.2	1,670.0	1,670.0
Revolving Credit facility (RCF)	135.3	136.5	165.5	166.1
Other borrowings	2.1	2.1	2.0	2.0
Total	**2,442.4**	**2,459.1**	**2,472.4**	**2,475.6**

Carrying amounts include accruals.

The nominal value of the Revolving Credit Facility amounted to €135.3 million at the reporting date, consisting of a Revolving Credit Facility Loan of €74.3 million and Ancillary Facilities of €61.0 million.

Furthermore, the RCF was utilized by way of collateral in particular in the form of rental guarantees in the amount of €52.4 million (prior year as of September 30, 2020: €17.4 million).

Kirk Beauty One and its subsidiaries have to meet certain obligations and key financial covenants, in the event that 40.0 percent of the nominal value of €200 million of the Revolving Credit Facility is drawn (corresponds to €80 million). The utilization of the RCF through Ancillary Facilities as well as collateral in the form of rental guarantees is of no significance for the calculation of and compliance with financial covenants. The Revolving Credit Facility Loan was drawn at €74.3 million as of the reporting date, which corresponds to a utilization of less than 40 percent of the RCF.

Besides these financial covenants Kirk Beauty One also has to meet certain qualitative covenants. If the obligations are not met, the lenders are entitled to cancel the loan agreements with immediate effect and call upon all pledged collateral. As of December 31, 2020, the Company was in compliance with all covenants.

Hedging of financing liabilities

Interest rate caps (separate financial instruments) are in place to hedge against the risk of interest rate fluctuations over a variable nominal volume of up to €1,100.0 million and a term until August 31, 2021. As of the balance sheet date, the nominal volume amounts to €1,100.0 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 August 31, 2021. The Term Loan B Facility agreement contains an interest rate floor at 0.0 percent EURIBOR.

	12/31/2020		09/30/2020	
	Reference amount EUR m	Fair values: Financial assets EUR m	Reference amount EUR m	Fair values: Financial assets EUR m
Interest rate caps	1,100.0	0.0	1,100.0	0.0
of which not part of a hedge accounting relationship	1,100.0	0.0	1,100.0	0.0

Share-based payments

Second management participation program

On December 30, 2020, the Company implemented a new share-based payment plan, by establishing a second management participation company as a shareholder of Kirk Beauty Two GmbH, the direct parent of Kirk Beauty One GmbH.

Key management personnel and other senior employees were granted a participation in that entity which allows them to hold an indirect interest in the Douglas-Group and, in the event of the current majority shareholder departing (through a sale or Initial Public Offering), participate in the anticipated value increase. The interest granted is composed of ordinary shares in Kirk Beauty Two GmbH representing 5,6% percent of those shares, and a portion of a shareholder loan, bearing interest at 2%, against Kirk Beauty Two GmbH.

The participation is linked to a service agreement of a member with the group and therefore is subject to good and bad leaver provisions until an IPO or trade sale occurs. Upon occurrence of a leaver event, the majority investor may exercise a call option and repurchase the participation at a specified price. Good leavers will receive a vested portion of the fair value of their participation, with 100% being received after five years.

Since the Company is not obliged to settle any obligation related to the participation in the second plan, this participation is classified as an equity-settled share-based payment award, which is considered an option. The grant date fair value is thus derived using an option-pricing model. The total amount of benefits granted was determined to be €18.6 million. The grant date fair value will be expensed over the variable vesting period till the expected exit event occurs.

For the second management plan, no personnel expenses were recognized in the first quarter of the financial year 2020/21.

Events after the interim reporting date

The following events requiring consideration occurred between the Consolidated Financial Statements reporting date and the date on which the Consolidated Financial Statements were approved for publication:

Additional incremental revolving facility of €75 million

Kirk Beauty One also has access to an incremental Revolving Facility in the amount of €75.0 million, which has not been utilized.

The coronavirus pandemic – still ongoing

The COVID-19 pandemic is still ongoing. From January to March 2021 many of our stores were closed with significant impact on our business, although a large part of the decline in store sales was offset by our very strong e-commerce business.

Changed customer behavior - optimization of our store network

The longstanding trend of shifting from store to e-commerce purchases was further reinforced by the COVID-19 pandemic. In response to this change in our customers' consumer behavior, around 500 of the currently around 2,400 stores across Europe will be closed. The majority of the permanent store closures will take place in the South-Western Europe region, which is particularly affected by the effects of the coronavirus pandemic and in which there is a very dense, partially overlapping branch network due to previous acquisitions. The necessary downsizing of the branch network goes hand in hand with investments in flagship stores in top locations, product innovations and the consistent expansion of digital retail throughout Europe. As a result of the above-mentioned measures, we currently expect one-time expenses amounting to €94 million and sustainable positive effects in the low triple-digit million range.

Day of preparation and authorization for issue

This Interim Consolidated Financial Statements replaces the previously Interim Consolidated Financial Statements from February 25, 2021.

Management prepared and authorized for issue the Interim Consolidated Financial Statements on March 12, 2021.

Düsseldorf, March 12, 2021

Kirk Beauty One GmbH
Management

Tina Müller	Matthias Born
Vanessa Stützle	Dr. Michael F. Keppel