3M FY 2021/22
Interim Financial Report

Douglas GmbH

as of December 31, 2021

DOUGLAS

Content

The consolidated statements have been prepared in millions of Euros (€ million, EUR m). 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 Annual Financial Report as of September 30, 2021, 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, 2022 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 most recent Annual Consolidated Financial Statements as at and for the financial year ending September 30, 2021.

The results of operations and related cash flows in the following text and tables refer to three months of the financial year 2021/22, i.e., from October 1, 2021, to December 31, 2021, compared to three months of the financial year 2020/21, i.e., from October 1, 2020, to December 31, 2020.

All the financial data presented in the text and tables below are shown in millions of Euros (€ million, EUR m), 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

The Douglas GmbH registered in Düsseldorf, formerly Kirk Beauty Two GmbH, Hagen, (Group Parent Company) is a limited liability company and has its registered office at Luise-Rainer-Str. 7-11 in 40235 Düsseldorf, Germany and is registered with the Commercial Register B of the Local Court of Düsseldorf under number 94247.

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, 2021, the DOUGLAS Group operated brick-and-mortar and e-commerce shops in 26 European countries.

Result of Operations[1]

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

		10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
1.	**Sales (net)**	**1,306.9**	1,172.9
2.	Cost of raw materials, consumables and supplies and merchandise	-746.5	-659.9
3.	Gross Profit	560.4	513.0
4.	Other operating income	91.6	81.0
5.	Personnel expenses	-152.1	-149.5
6.	Other operating expenses	-309.9	-296.1
7.	Result from impairments on financial assets	0.0	0.0
8.	EBITDA	190.1	148.4
	Sum of adjustments	0.9	22.7
	Adjusted EBITDA	**191.0**	171.2
9.	Amortization/depreciation/impairment	-23.4	-30.9
10.	EBIT	166.7	117.5
11.	Financial income	3.0	87.9
12.	Financial expenses	-67.2	-31.5
13.	Financial result	-64.2	56.4
14.	EBT	102.5	173.9
15.	Income taxes	-25.1	-25.7
16.	**Profit (+) or Loss (-) of the period (Net Income)**	**77.4**	148.2

[1] Like aforementioned, all figures in the MD&A are stated before the impact of IFRS 16 "Lease".
The definition of adjustments changed in the financial year 2020/21 and card fees previously reclassified to financial expense are no longer adjusted and therefore also affect adjusted EBITDA; for better comparative purposes, the prior-year's first quarter has been adjusted accordingly.

Three Months Ending December 31, 2021, compared to Three Months Ending December 31, 2020[2]

Net sales and adjusted EBITDA up year-on-year

Overall, we increased net sales by 11.4 percent and adjusted EBITDA by 11.6 percent compared to the first quarter of the previous fiscal year, but the COVID-19 pandemic still continued to impact our business.[3]

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

Our consolidated total sales (net) increased by €134.0 million or 11.4 percent during the first quarter ending December 31, 2021, compared to the first quarter of the previous fiscal year 2020/21 while the previous first quarter was burdened by lockdowns especially in our core countries Germany, France, The Netherlands and Poland.

Overall, like-for-like sales (net) increased by even 16.8 percent, highlighting the effectiveness of our Store Optimization Program (SOP) and we managed to significantly exceed the pre-COVID-19 level on a like-for-like basis.

Sales (net) by segment

Starting in the first quarter 2021/22, we have reorganized our segment reporting in order to adapt it to the changed organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker. The new Douglas Group's segment reporting comprises the regions DACHNL, France, Southern Europe and Central Eastern Europe. Corporate Functions items, previously presented in the former Germany segment, are from now on reported separately.

The new segments DACHNL consists of our business activities in Austria, Germany, Switzerland and The Netherlands. It does not comprise headquarter costs anymore, which are shown separately as "Corporate Functions". The segment Southern Europe comprises Andorra, Italy, Portugal and Spain. The segments France and Central Eastern Europe remained unchanged.

In the first quarter of the fiscal year 2021/22, sales (net) in our four reporting segments – DACHNL, France, Southern Europe and Central Eastern Europe – developed as follows compared to the first quarter of the previous fiscal year.

Sales (net) in DACHNL increased by €42.0 million or 7.3 percent to 614.6 million, materially contributed by brick-and-mortar business due to store closures in the previous fiscal year's first quarter. At 47.7 percent, DACHNL had the highest e-commerce share of our four regions in the first quarter 2021/22.

In France sales (net) increased by €38.0 million or 13.2 percent to €325.3 million, driven by a strong brick-and-mortar development while e-commerce sales declined by 11.9 percent from an extremely high base. This shift was also partly due to the 4-week closure of French stores in November 2020, during which customers shopped online and via Click & Collect or Call & Collect.

In the first quarter of the fiscal year 2021/22 net sales in Southern Europe, the region with the most store closures as part of our Store Optimization Program, increased by €14.9 million or 7.7 percent

[2] Like aforementioned, all figures in the MD&A are stated before the impact of IFRS 16 "Lease".

[3] The Netherlands went into lockdown on December 18, 2021 and Austria was in a short lockdown from mid-November to mid-December 2021.

to €207.5 million particularly driven by brick-and-mortar sales and besides continued e-commerce growth.

Driven by a strong brick-and-mortar and e-commerce business, sales (net) in **Central Eastern Europe** increased by 39.2 million or 32.6 percent to €159.4 million reflecting the growth potential of this region and profiting from a very strong Christmas business especially in December.

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 2021/22 increased by €86.6 million or 13.1 percent reflecting rising inflation rates and thereby input costs.

Gross Profit

Our gross profit rose from €513.0 million to €560.4 million and we managed to achieve a gross margin of 42.9 percent compared to 43.7 percent in the prior-year quarter.

Other operating income

In the first quarter of the financial year 2021/22, other operating income accounted for €91.6 million compared to €81.0 million for the prior-year reporting period. The rise of €10.6 million was mainly the result of higher marketing income and income from disposal of assets.

Personnel expenses

In the first quarter of the financial year 2021/22, personnel expenses amounted to €152.1 million compared to €149.5 million for the prior-year reporting period.

The personnel expenses in the prior-year's first quarter were lower as we were able to make use of short-term work allowances due to the before-mentioned lockdowns. As a percentage of total sales, the personnel expenses accounted for 11.6 percent compared to 12.7 percent in the first quarter of the financial year 2020/21, reflecting the effect from personnel reductions due to our Store Optimization Program.

Other operating expenses

In the first quarter of the financial year 2021/22, other operating expenses increased by €13.7 million to €309.9 million especially due to higher goods handling costs as well as marketing and advertising costs, partially offset by lower rent. As a percentage of total sales, the other operating expenses decreased to 23.7 percent compared to 25.2 percent in the first quarter of the financial year 2020/21.

EBITDA and Adjusted EBITDA

EBITDA increased by €41.6 million or 28.0 percent to €190.1 million during the first quarter of the financial year 2021/22, specifically due to higher overall net sales and gross profit.

Adjusted EBITDA increased by €19.8 million or 11.6 percent to €191.0 million during the first three months ending December 31, 2021, from €171.2 million during the first three months ending December 31, 2020. As a percentage of sales (net), adjusted EBITDA margin remained unchanged at 14.6 percent, the result of strict cost discipline and our effective Store Optimization Program.

Total adjustments on EBITDA amounted to €0.9 million during the first three months of the financial year 2021/22 compared to €22.7 million during the first three months of the fiscal year 2020/21. This decrease essentially resulted from less COVID-19 adjustments and higher extraordinary income disclosed in the adjustments categories "Other".

Adjusted EBITDA by segment [4]

Adjusted EBITDA in our four reportable segments – **DACHNL France**, **Southern Europe** and **Central Eastern Europe** – developed as follows:

Adjusted EBITDA in **DACHNL**, decreased by €4.6 million to €87.3 million during the three months ending December 31, 2021, from €92.0 million during the three months ending December 31, 2020. This slight decline is attributable to a variety of factors, in particular purchase price inflation and the highest e-commerce share in the Group at 48 percent, which leads to higher handling and processing costs.

Adjustments on EBITDA of the DACHNL region totaled €6.5 million during the first quarter of the fiscal year 2021/22, primarily resulting from SOP, COVID-19 effects and consulting fees.

Adjusted EBITDA in **France** increased by €10.3million to €67.1 million during the three months ending December 31, 2021, from €56.9 million during the three months ending December 31, 2020. Besides France managed to increase the EBITDA-margin, which was due to internal factors like SOP and strict cost discipline but also due to a less competitive environment.

The adjustments on EBITDA of the French region accounted for minus €3.5 million during the three months ending December 31, 2021, and mainly related to extraordinary income from disposal of assets and COVID-19 related rent negotiations.

Adjusted EBITDA in **Southern Europe,** increased by €8.9 million during the three months ending December 31, 2021, from €18.8 million to €27.8 million, demonstrating that our Store Optimization Program is having a perceptible effect. The adjustments in the Southern region amounted to minus €5.5 million during the three months ending December 31, 2021 and were primarily related to extraordinary income from disposal of assets.

During the first three months of the financial year 2021/22, adjusted EBITDA in **Central Eastern Europe** increased by a strong €11.2 million, from €26.6 million to €37.8 million, reflecting our sustained growth in this region, where sales offset cost inflation. Adjustments in the Central Eastern region, mainly resulting from COVID-19 effects, totaled €0.1 million in the first quarter of the fiscal year 2021/22.

EBIT

In the first three months of the financial year 2021/22, EBIT increased by €49.1 million to €166.7 million from €117.5 million during the three months ending December 31, 2020.

Depreciation and amortization amounted to €23.4 million, €7.5 million lower than in the previous year. In the previous year, €5.7 million related to the impairment of stores. We refer to the above section "EBITDA and adjusted EBITDA".

Financial result

Financial result of the first quarter ending December 31, 2021 amounted to minus €64.2 million, compared to a positive €56.4 million during the three months ending December 31, 2020. The decrease of €120.6 million was mainly due to prior-year IFRS 9-valuation effect of our loan receivables from the former shareholder Kirk Beauty Two GmbH accounting for €75.5 million and since our refinancing as well higher financing costs (including the financing costs resulting from the shareholder loan and the passed on PIK-Notes).

[4] The segment reporting changed compared to the last financial report as of September 30, 2021; prior-year figures were adjusted accordingly.

Income taxes

At €25.1 million, income taxes in the first quarter of fiscal 2021/22 were on a par with the €25.7 million recorded in the prior-year reporting period.

Profit

Profit of the first quarter ending December 31, 2021 amounted to €77.4 million, compared to €148.2 million during the three months ending December 31, 2020. The Profit of the first quarter in the previous financial year was driven by an IFRS 9-valuation effect, overall overcompensating the decreases in EBITDA.

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.

The organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker changed in the first quarter of the fiscal year 2021/22 compared to last financial report as of September 30, 2021 and we adapted our external segment reporting accordingly. The new Douglas Group's segment reporting comprises the regions DACHNL, France, Southern Europe and Central Eastern Europe. Corporate Functions items, previously shown in the former Germany segment, are from now on reported separately.

The most important financial performance indicators used to manage the Douglas Group are growth (sales) and profitability (adjusted EBITDA and adjusted EBITDA margin), that are used to assess the performance of the segments and manage resource allocation.

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

Sales

The following table shows the external sales by our regions for the periods indicated:

	10/01/2021 - 12/31/2021 Mio. €	10/01/2020 - 12/31/2020 Mio. €
Douglas-Group		
Sales (net)	1,306.9	1,172.9
Segments		
DACHNL		
Sales (net)	614.6	572.6
France		
Sales (net)	325.3	287.3
Southern Europe		
Sales (net)	207.5	192.6
Central Eastern Europe		
Sales (net)	159.4	120.2

EBITDA and Adjusted EBITDA

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

		10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Douglas-Group			
EBITDA	EUR m	190.1	148.4
EBITDA-margin	%	14.5	12.7
Adjustments	EUR m	0.9	22.7
Adjusted EBITDA	EUR m	191.0	171.2
Adjusted EBITDA-margin	%	14.6	14.6
Segments			
Germany			
EBITDA	EUR m	80.9	79.6
EBITDA-margin	%	13.2	13.9
Adjustments	EUR m	6.5	12.4
Adjusted EBITDA	EUR m	87.3	92.0
Adjusted EBITDA-margin	%	14.2	16.1
France			
EBITDA	EUR m	70.6	56.4
EBITDA-margin	%	21.7	19.6
Adjustments	EUR m	-3.5	0.4
Adjusted EBITDA	EUR m	67.1	56.9
Adjusted EBITDA-margin	%	20.6	19.8
South Europe			
EBITDA	EUR m	33.2	16.7
EBITDA-margin	%	16.0	8.7
Adjustments	EUR m	-5.5	2.1
Adjusted EBITDA	EUR m	27.8	18.8
Adjusted EBITDA-margin	%	13.4	9.8
Central Eastern Europe			
EBITDA	EUR m	37.7	23.8
EBITDA-margin	%	23.6	19.8
Adjustments	EUR m	0.1	2.7
Adjusted EBITDA	EUR m	37.8	26.6
Adjusted EBITDA-margin	%	23.7	22.1

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

	10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
EBITDA	256.5	217.0
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	-66.4	-68.5
Key Performance Indicator to be adjusted	190.1	148.4
Purchase Price Allocations (PPA)	-0.1	3.3
Restructuring costs and severance payments	0.0	0.0
Consulting fees	3.7	5.3
Other adjustments	-6.2	0.8
COVID-19-effects	1.3	13.3
Store Optimization Program (SOP)	2.2	0.0
Sum of adjustments	0.9	22.7
Adjusted EBITDA	**191.0**	**171.2**

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 €465.0 million, as well as our undrawn Revolving Credit Facility of €170.0 million as of December 31, 2021. [5]

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, 2021, 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. 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:

	12/31/2021 EUR m	12/31/2020 EUR m
Inventories	704.4	764.6
Trade accounts receivable	76.5	56.8
Trade accounts payable	-759.5	-670.4
Other	54.3	32.6
Net Working Capital	**75.7**	**183.6**

Net Working Capital decreased by €107.8 million to €75.7 million as of December 31, 2021 compared to December 31, 2020. This decrease is mainly a result of lower inventories, related to strong limit control as well as delayed deliveries by suppliers and higher trade accounts payable, partially offset

[5] Available amount for borrowings is reduced by €11.9 million of outstanding collateral, mostly in the form of rental guarantees.

by higher trade accounts receivables, as well as higher bonus and marketing receivables presented in the line “Other”.

Investments in non-current assets

The investments made during the first quarter ending December 31, 2021 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 first quarter ending December 31, 2021, our cash-investment (Net cash flow from investing activities) in non-current assets amounted to €13.6 million, below prior-year payments of €27.5 million.

The investments during the first quarter of the financial year 2021/22 in property plant and equipment and intangible assets (CAPEX) consisted of €10.2 million additions compared to €15.2 million in the prior-year reporting period.

Consolidated Cash Flow Data

			10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
1.	=	EBITDA	190.1	148.4
2.	+/-	Increase/decrease in provisions	-17.1	-12.7
3.	+/-	Other non-cash expense/income	1.5	0.3
4.	+/-	Loss/profit on the disposal of non-current assets	-9.4	0.0
5.	+/-	Changes in net working capital without liabilities from investments in non-current assets	112.6	73.9
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	59.0	73.8
7.	-/+	Paid/reimbursed taxes	-28.9	-6.0
8.	=	**Net cash flow from operating activities**	**307.9**	277.7
9.	+	Proceeds from the disposal of non-current assets	2.0	0.3
10.	-	Payments for investments in non-current assets	-13.6	-27.5
11.	=	**Net cash flow from investing activities**	**-11.6**	-27.3
12.		**Free cash flow**	**296.2**	250.4
13.	+	Receipts from equity contributions	0.0	0.0
14.	-	Payments for the redemption of financial loans and bonds	-12.6	-40.2
15.	+	Proceeds from the issuance of financial loans and bonds	0.1	9.8
16.	-	Interest paid	-59.3	-17.1
17.	+	Interest received	0.0	0.1
18.	=	**Net cash flow from financing activities**	**-71.8**	-47.5
19.		**Net change in cash and cash equivalents**	**224.5**	**203.0**
20.	+/-	Net change in cash and cash equivalents due to currency translation	0.1	-0.2
21.	+	Cash and cash equivalents at the beginning of the reporting period	240.4	256.3
22.	=	**Cash and cash equivalents at the end of the reporting period**	**465.0**	459.1

Three months ending December 31, 2021, compared to three months ending December 31, 2020

Cash Flow from operating activities

Cash provided by **operating activities** increased by €30.1 million to €307.9 million during the three months ending December 31, 2021, from €277.7 million during the three months ending December 31, 2020. This increase was mainly the result of a higher EBITDA and higher changes in net working capital without liabilities from investments in non-current assets

Cash Flow from investing activities

Cash used for **investing activities** (cash outflows) decreased by €15.6 million to €11.6 million during the first quarter ending December 31, 2021, from €27.3 million during the prior-year reporting period in line with our cautious spending policy.

Cash Flow from financing activities

During the three months ending December 31, 2021, cash used for **financing activities** (cash outflows) amounted to €71.8 million, compared to cash outflows of €47.5 million during the prior-year reporting period. The increase of €24.3 million cash out primarily relates to higher interest paid especially for the Term Loan B and the Senior Secured Notes (PY: the interests for the bonds were paid in the second quarter of the fiscal year 2020/21).

Liquidity and net debt as of December 31, 2021 and September 30, 2021

As of December 31, 2021, the cash balance amounted to €465.0 million compared to €240.4 million as of September 30, 2021.

Our net debt position presented in nominal amounts and carrying amounts, includes the Senior Secured Notes, the Liabilities related to Senior PIK Notes, the Senior Secured Term Loan Facility (Facility B), the Senior Secured Multi-Currency Revolving Credit Facility (RCF) and other borrowings as of December 31, 2021, and September 30, 2021, as follows:

	12/31/2021		09/30/2021	
	Nominal amount EUR m	Carrying amount EUR m	Nominal amount EUR m	Carrying amount EUR m
Senior Secured Notes	1,305.0	1,308.0	1,305.0	1,328.6
Liabilities related to Senior PIK Notes	497.8	508.3	475.0	497.0
Senior Secured Term Loan Facility (Facility B)	600.0	585.1	600.0	592.4
Senior Secured Multi-Currency Revolving Credit Facility (RCF)	0.0	-4.5	0.0	-4.8
Other borrowings	2.1	2.1	2.0	2.0
Total	**2,404.9**	**2,399.1**	**2,382.0**	**2,415.1**
Cash and cash equivalents	465.0	465.0	240.4	240.4
Net debt	**1,939.9**	**1,934.0**	**2,141.5**	**2,174.6**

Carrying amounts include accruals.

The RCF was not utilized in terms of liquidity as of the reporting date.[6]

[6] Available amount for borrowings is reduced by €11.9 million of outstanding collateral, mostly in the form of rental guarantees.

Interim Consolidated Financial Statements

of Douglas GmbH for the period from October 1, 2021, through December 31, 2021

The consolidated statements have been prepared in millions of Euros (€ million, EUR m). 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 Douglas GmbH for the period from October 1, 2021, through December 31, 2021

		10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
1.	Sales (net)	1,306.9	1,172.9
2.	Cost of raw materials, consumables and supplies and merchandise	-746.5	-659.9
3.	Gross Profit	560.4	513.0
4.	Other operating income	92.0	78.9
5.	Personnel expenses	-152.1	-149.5
6.	Other operating expenses	-243.8	-225.5
7.	Result from impairments on financial assets	0.0	0.0
8.	EBITDA	256.5	217.0
9.	Amortization/depreciation/impairment	-88.2	-97.6
10.	EBIT	168.3	119.3
11.	Financial income	3.1	87.9
12.	Financial expenses	-76.0	-41.8
13.	Financial result	-72.9	46.1
14.	EBT	95.4	165.5
15.	Income taxes	-25.1	-25.7
16.	**Profit (+) or Loss (-) of the period (Net Income)**	**70.3**	**139.7**
	Attributable to owners of the parent	*70.3*	*139.7*
	Attributable to non-controlling interests	*0.0*	*0.0*

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Douglas GmbH for the period from October 1, 2021, through December 31, 2021

	10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
Profit (+) or Loss (-) of the period (Net Income)	70.3	139.7
Items that were reclassified or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences arising from translating the financial statements of a foreign operation	0.9	-3.9
Items that are not reclassified to profit or loss		
Actuarial gains or losses from pension and similar obligations	0.0	0.0
Other comprehensive income after tax	0.9	-3.9
Total comprehensive income	**71.2**	**135.9**
Attributable to owners of the parent	*71.2*	*135.9*
Attributable to non-controlling interests	*0.0*	*0.0*

Interim Consolidated Statement of Financial Position

of Douglas GmbH as of December 31, 2021

Assets		12/31/2021 EUR m	12/31/2020 EUR m	09/30/2021 EUR m
A.	**Non-current assets**			
I.	Intangible assets	2,036.6	2,039.7	2,041.5
II.	Property, plant and equipment	212.4	261.6	220.3
III.	Right-of-use assets from leases	976.4	1,178.4	1,037.6
IV.	Financial assets	21.6	935.0	35.7
V.	Deferred tax assets	26.4	58.5	26.3
		3,273.3	4,473.2	3,361.5
B.	**Current assets**			
I.	Inventories	704.4	764.6	653.3
II.	Trade accounts receivable	76.5	56.8	43.4
III.	Tax receivables	29.7	19.9	33.6
IV.	Financial assets	276.9	245.8	158.8
V.	Other assets	41.9	30.2	41.0
VI.	Cash and cash equivalents	465.0	459.1	240.4
		1,594.4	1,576.4	1,170.6
C.	**Assets held for sale**	0.0	0.0	8.4
Total		4,867.7	6,049.6	4,540.5

Equity and Liabilities		12/31/2021 EUR m	12/31/2020 EUR m	09/30/2021 EUR m
A.	Equity			
I.	Capital stock*	0.0	0.0	0.0
II.	Additional paid-in capital	668.8	1,125.1	668.8
III.	Other reserves	-1,579.6	-323.9	-1,652.3
		-910.7	801.2	-983.5
	Equity before non-controlling interests	*-910.7*	*801.2*	*-983.5*
	Non-controlling interests	*0.0*	*0.0*	*0.0*
B.	Non-current liabilities			
I.	Pension provisions	35.8	35.9	36.0
II.	Other non-current provisions	51.7	57.3	52.4
III.	Financial liabilities	3,819.0	3,331.3	3,837.2
IV.	Other liabilities	9.4	18.0	16.4
V.	Deferred tax liabilities	272.0	194.0	273.5
		4,187.9	3,636.4	4,215.4
C.	Current liabilities			
I.	Current provisions	102.8	84.3	112.6
II.	Trade accounts payable	759.5	670.4	484.5
III.	Tax liabilities	145.1	140.0	100.1
IV.	Financial liabilities	273.6	423.7	341.4
V.	Other liabilities	309.6	293.6	268.5
		1,590.5	1,612.0	1,307.1
D.	Liabilities related to assets held for sale	0.0	0.0	1.5
Total		4,867.7	6,049.6	4,540.5

* Capital stock amounts to €44,350.00 (prior year: €25,000.00) at the reporting date, divided into 25,000.00 Class A shares and 19,350.00 Class B shares, each with a nominal value of €1.00.

5

Interim Statement of Changes in Group Equity

of Douglas GmbH for the period from October 1, 2021, through December 31, 2021

			Other reserves				
	Capital stock* EUR m	Additional paid-in capital EUR m	Retained earnings EUR m	Reserves for pension provisions EUR m	Differences from currency translation EUR m	Equity before non-controlling interests EUR m	Non-controlling interests EUR m
10/01/2021	0.0	668.8	-1,640.0	-2.6	-9.8	-983.5	0.0
Currency translation	0.0	0.0	0.0	0.0	0.9	0.9	0.0
Other comprehensive income after tax	0.0	0.0	0.0	0.0	0.9	0.9	0.0
Profit (+) or Loss (-) of the period (Net Income)	0.0	0.0	70.3	0.0	0.0	70.3	0.0
Total comprehensive income	0.0	0.0	70.3	0.0	0.9	71.2	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based Payment	0.0	0.0	1.6	0.0	0.0	1.6	0.0
Transactions with shareholders	0.0	0.0	1.6	0.0	0.0	1.6	0.0
12/31/2021	0.0	668.8	-1,568.1	-2.6	-8.9	-910.7	0.0

* Capital stock amounts to €44,350.00 (prior year: €25,000.00) at the reporting date, divided into 25,000.00 Class A shares and 19,350.00 Class B shares, each with a nominal value of €1.00.

			Other reserves				
	Capital stock* EUR m	Additional paid-in capital EUR m	Retained earnings EUR m	Reserves for pension provisions EUR m	Differences from currency translation EUR m	Equity before non-controlling interests EUR m	Non-controlling interests EUR m
10/01/2020	0.0	1,125.1	-452.5	-2.0	-5.3	665.4	0.0
Currency translation					-3.9	-3.9	0.0
Other comprehensive income after tax	0.0	0.0	0.0	0.0	-3.9	-3.9	0.0
Profit (+) or Loss (-) of the period (Net Income)			139.7			139.7	0.0
Total comprehensive income	0.0	0.0	139.7	0.0	-3.9	135.9	0.0
12/31/2020	0.0	1,125.1	-312.7	-2.0	-9.2	801.2	0.0

* Capital stock amounts to €25.000,00.

Interim Consolidated Statement of Cash Flows

of Douglas GmbH for the period from October 1, 2021, through December 31, 2021

			10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
1.		Profit (+) or Loss (-) of the period (Net Income)	70.3	139.7
2.	+	Income taxes	25.1	25.7
3.	+	Financial result	72.9	-46.1
4.	+	Amortization/depreciation/impairment	88.2	97.6
5.	=	EBITDA	256.5	217.0
6.	+/-	Increase/decrease in provisions	-17.1	-12.7
7.	+/-	Other non-cash expense/income	-0.1	0.3
8.	+/-	Loss/profit on the disposal of non-current assets	-9.4	0.0
9.	+/-	Changes in net working capital without liabilities from investments in non-current assets	112.6	73.9
10.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	69.0	82.0
11.	-/+	Paid/reimbursed taxes	-28.9	-6.0
12.	**=**	**Net cash flow from operating activities**	**382.7**	354.5
13.	+	Proceeds from the disposal of non-current assets	2.0	0.3
14.	-	Payments for investments in non-current assets	-13.6	-27.5
15.	**=**	**Net cash flow from investing activities**	**-11.6**	-27.3
16.		**Free cash flow (total of 12. and 15.)**	**371.1**	327.2
17.	-	Payments for the redemption of financial loans and bonds	-12.6	-40.2
18.	-	Payments for the redemption of lease liabilities	-66.1	-65.5
19.	+	Proceeds from the issuance of financial loans and bonds	0.1	9.8
20.	-	Interest paid	-68.1	-28.3
21.	+	Interest received	0.0	0.1
22.	**=**	**Net cash flow from financing activities**	**-146.6**	-124.2
23.		Net change in cash and cash equivalents (total of 12., 15. and 22.)	224.5	203.0
24.	+/-	Net change in cash and cash equivalents due to currency translation	0.1	-0.2
25.	+	Cash and cash equivalents at the beginning of the reporting period	240.4	256.3
26.	**=**	**Cash and cash equivalents at the end of the reporting period**	**465.0**	459.1

Notes to the Interim Consolidated Financial Statements

of Douglas GmbH for the period from October 1, 2021, through December 31, 2021

Segment Reporting

Reportable Segments

		DACHNL 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	France 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Sales (net)	**EUR m**	**614.6**	572.6	**325.3**	287.3
EBITDA	EUR m	112.0	109.3	83.0	68.2
EBITDA-margin	%	18.2	19.1	25.5	23.8
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-31.1	-29.7	-12.4	-11.8
Key performance indicator to be adjusted	EUR m	80.9	79.55	70.6	56.42
Sales-margin on Key Performance Indicator to be adjusted	%	13.2	13.9	21.7	19.6
Sum of adjustments	EUR m	6.5	12.4	-3.5	0.4
Adjusted EBITDA	**EUR m**	**87.3**	92.0	**67.1**	56.9
Adjusted EBITDA-margin	%	14.2	16.1	20.6	19.8
Inventories	EUR m	305.6	329.1	115.9	119.0
Capital expenditure	EUR m	2.5	2.5	1.5	1.6

		Southern Europe 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	Central Eastern Europe 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Sales (net)	**EUR m**	**207.5**	192.6	**159.4**	120.2
EBITDA	EUR m	48.9	34.8	45.0	32.8
EBITDA-margin	%	23.6	18.1	28.2	27.3
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-15.7	-18.0	-7.3	-8.9
Key performance indicator to be adjusted	EUR m	33.2	16.74	37.7	23.84
Sales-margin on Key Performance Indicator to be adjusted	%	16.0	8.7	23.6	19.8
Sum of adjustments	EUR m	-5.5	2.1	0.1	2.7
Adjusted EBITDA	**EUR m**	**27.8**	18.8	**37.8**	26.6
Adjusted EBITDA-margin	%	13.4	9.8	23.7	22.1
Inventories	EUR m	182.8	224.2	104.6	96.0
Capital expenditure	EUR m	1.4	1.4	0.3	3.0

		Corporate Functions 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	Consolidation 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	Douglas Group 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Sales (net)	EUR m	0.0	0.1	0.0	0.0	1,306.9	1,172.9
EBITDA	EUR m	-32.4	-28.1	0.0	0.0	256.5	217.0
EBITDA-margin	%					19.6	18.5
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m			0.0	0.0	-66.4	-68.5
Key performance indicator to be adjusted	EUR m	-32.4	-28.12	0.0	0.00	190.1	148.44
Sales-margin on Key Performance Indicator to be adjusted	%					14.5	12.7
Sum of adjustments	EUR m	3.3	5.1	0.0	0.0	0.9	22.7
Adjusted EBITDA	EUR m	-29.1	-23.0	0.0	0.0	191.0	171.2
Adjusted EBITDA-margin	%	0.0	0.0	0.0	0.0	14.6	14.6
Inventories	EUR m	0.0	0.0	-4.5	-3.7	704.4	764.6
Capital expenditure	EUR m	4.5	6.6	0.0	0.0	10.2	15.2

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.

The organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker changed in the first quarter of the fiscal year 2021/22 compared to last financial report as of September 30, 2021 and we adapted our external segment reporting accordingly. The new Douglas Group’s segment reporting comprises the regions DACHNL, France, Southern Europe and Central Eastern Europe. Corporate Functions items, previously shown in the former Germany segment, are from now on reported separately.

The reportable segment DACHNL comprises the operating segments "DACH", consisting of Germany, Austria and Switzerland, and the operating segment “NL” consisting of The Netherlands. The “Southern Europe” operating segment comprises Andorra, Italy, Spain and Portugal. The composition of the operating segment “France”, with France and Monaco and the operating segment “Central Eastern Europe” with Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Romania, Latvia, Lithuania, Poland and Slovakia remained unchanged.[7]

Corporate Functions located in the central departments at the level of the Group’s headquarter in Germany include significant parts of the value chain, in addition to the superordinate classic management and administrative departments, in particular the central departments of Purchasing and Marketing, as well as the Own Brands and international E-Commerce, which is responsible in particular for the strategic alignment and development of the online stores and digital platforms as part of our #FORWARDBEAUTY.DigitalFirst strategy. The inventory and product success risks arising from the Own Brands business are mainly attributable to corporate operations. The accounting items, in particular costs on EBITDA and CAPEX, associated with these Corporate Functions, which were previously allocated to and reported in the former Germany reporting segment were reported separately for the first time.

[7] Online presence only in the following countries: Belgium, Denmark, Finland, Ireland, Sweden, United Kingdom (all allocated to DACHNL).

Segment Performance Indicator

The most important financial performance indicators used to manage the Douglas Group are growth (sales) and profitability (adjusted EBITDA and adjusted EBITDA margin), that are used to assess the performance of the segments and manage resource allocation.

Segment sales represent sales with external third parties. The allocation of sales to the operating or reporting segment is based on the registered location of the selling company.

Internal licensing costs and other similar costs charged from the segment Corporate Functions 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.

Furthermore, cost allocation principles have been reworked, developing from a more administrative perspective towards a commercial one. This is predominantly valid for net sales and gross profit which was related to our own brand wholesale business in the past and therefore part of central functions. However, now those operational effects are directly attributed to the segment where the goods are sold.

Adjusted EBITDA is defined as follows:

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 Douglas GmbH, are non-regularly recurring, exceptional or unsuitable for internal control. Adjusted EBITDA is also decisive for calculating the underlying covenants of loan financing.

EBITDA and Adjusted EBITDA are non-IFRS measures. 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

The adjustments are basically divided into the following categories: "Purchase price allocations (PPA)", "Restructuring costs and severance payments", "Consulting fees" and "Other adjustments“.

In the previous 2020/21 financial year, the definition of adjustments changed and credit card fees previously reclassified to financial expense are no longer adjusted and therefore also affect adjusted EBITDA. For better comparative purposes, the prior-year first quarter 2020/21 has been adjusted accordingly.

Given the abnormal situation and uniqueness of the COVID-19 pandemic and in line with our quarterly prior-year reporting, certain COVID-19 related expenses and income have also, in the opinion of management, to be adjusted and are disclosed separately in the category "COVID-19-effects". Furthermore, adjustments for expenses incurred under the Store Optimization Program (SOP) are disclosed separately due to their materiality.

The reconciliation of reported EBITDA to adjusted EBITDA is presented below, followed by an explanation of the categories presented.

Reconciliation from EBITDA to Adjusted EBITDA

of Douglas Group for the period from October 1, 2021, through December 31, 2021

	10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
EBITDA	256.5	217.0
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	-66.4	-68.5
Key Performance Indicator to be adjusted	190.1	148.4
Purchase Price Allocations (PPA)	-0.1	3.3
Restructuring costs and severance payments	0.0	0.0
Consulting fees	3.7	5.3
Other adjustments	-6.2	0.8
COVID-19-effects	1.3	13.3
Store Optimization Program (SOP)	2.2	0.0
Sum of adjustments	0.9	22.7
Adjusted EBITDA	**191.0**	171.2

The respective categories are primarily attributable to the following matters:

- 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.
- Other adjustments
  Other matters that do not recur on a regular basis, are exceptional or are not suitable for internal management. These include for example: Restructuring expenses that are not personnel-related, write-downs of receivables outside the normal course of business, impairment losses on inventories if not reported separately due to materiality, income from the reversal of previously adjusted provisions.
- COVID-19-effects:
  Include, in particular, personnel and rent-related vacancy costs in connection with our closed stores and other additional costs caused by the COVID-19 pandemic.
- Store Optimization Program (SOP):
  Expenses in connection with the optimization of our store network.

Other explanations on segment reporting

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 transactions were executed with third parties (arm’s length transactions).

General principles

Douglas GmbH (Douglas, 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 94247.

Douglas and Douglas GmbH issued Senior Secured Notes and Senior PIK Notes in April 2021.

These Interim Consolidated Financial Statements cover the period of the first three months of the financial year 2021/22 from October 1, 2021, through December 31, 2021 (interim period) as of December 31, 2021 (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 most recent Annual Consolidated Financial Statements for the financial year ending September 30, 2021. 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

Financial risks

Financial uncertainties continue to represent a going concern risk for the Douglas Group. In particular, there are significant uncertainties that COVID-19-related restrictions, such as store closures and access restrictions, will continue to burden the Group's liquidity and that the planned increase in earnings power in the Group's successfully initiated transformation process will not be substantially achieved. Due to the existing uncertainty, the Group may not be able to realize its assets and settle its liabilities in the normal course of business.

For further information, please refer to the Company's most recent Annual Consolidated Financial Statements for the fiscal year ending September 30, 2021.

New accounting standards

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

Reference is made to the overview summary of newly implemented or revised IASB accounting standards and interpretations in No. 2 of the Douglas's last Annual Consolidated Financial Statements as at and for the financial year ending September 30, 2021.

Consolidation principles

Group of consolidated companies

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

	Germany	Other countries	Total
10/01/2021	20	33	53
companies consolidated for the first time	0	0	0
deconsolidated companies	0	0	0
merged companies	0	0	0
12/31/2021	20	33	53

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 10/01/2021-12/31/2021 €	**Closing rate 12/31/2021 €**	**Average exchange rate 10/01/2020-12/31/2020 €**	**Closing rate 12/31/2020 €**
Bulgarian Lev	BGN	0.51130	0.51130	0.51130	0.51130
Swiss Franc	CHF	0.92472	0.96796	0.93431	0.92575
Czech Koruna	CZK	0.03899	0.04023	0.03780	0.03811
Croatian Kuna	HRK	0.13282	0.13306	0.13265	0.13242
Hungarian Forint	HUF	0.00279	0.00271	0.00285	0.00275
Polish Zloty	PLN	0.21910	0.21754	0.22506	0.21931
Romanian Lei	RON	0.20321	0.20206	0.20670	0.20541

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 Douglas's Annual Consolidated Financial Statements as of September 30, 2021.

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 further important shopping 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 reporting period and business judgement was applied accordingly.

Use of judgements

Douglas makes discretionary decisions when determining the term of leases, taking into account 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.

Also the aggregation of business segments into reporting segments, and therefore the decision as to which countries are aggregated into reporting segments, is discretionary. Furthermore, the prognosis as to whether there are any material uncertainties regarding the going concern is subject to judgment.

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.

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 assessment of the recoverability of goodwill and the estimation of the realizability of future tax relief were significantly affected by the COVID-19 pandemic.

Full acquisition of Parfümerie Akzente and Nich Beauty

In the first quarter of the fiscal year 2021/22, the remaining non-controlling interests in Parfümerie AKZENTE GmbH, Pfedelbach, as well as Niche-Beauty.COM GmbH, Hamburg have been acquired in full.

Net sales by channel

		DACHNL 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	France 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Net sales brick-and-mortar	EUR m	321.9	287.9	244.6	199.4
Net sales e-commerce	EUR m	293.3	285.0	76.0	88.0

		Southern Europe 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	Central Eastern Europe 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Net sales brick-and-mortar	EUR m	175.5	161.4	124.0	89.8
Net sales e-commerce	EUR m	32.0	31.2	35.9	28.9

		Corporate Functions 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	Consolidation 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020	Douglas Group 10/01/2021 - 12/31/2021	10/01/2020 - 12/31/2020
Net sales brick-and-mortar	EUR m	0.0	0.0	0.0	0.0	866.0	738.6
Net sales e-commerce	EUR m	0.0	0.0	0.0	0.0	437.2	433.0

Fair value of financial instruments[8]

Financial instruments categorized in accordance with IFRS 9 as of December 31, 2021:

	Net book value EUR m	Category	(Amortized) cost EUR m	Fair value through profit or loss EUR m	Fair Value through OCI EUR m	Total fair value EUR m	Level
Assets							
Trade accounts receivable	**76.5**	**AC**					
Cash and cash equivalents	**465.0**	**AC**					
Financial assets	298.5						
-- thereof embedded derivatives	9.7	FVtPL		9.7		9.7	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	2
Liabilities							
Trade accounts payable	759.5	AC					
Financial liabilities according to IFRS 9	3,003.6						
-- thereof Senior Secured Notes	1,308.0	AC	1,308.0			1,308.3	1
-- thereof Liabilities related to Senior PIK Notes	508.3	AC	508.3			456.0*	2
-- thereof Liabilities to bank	582.7	AC	582.7			582.7	2
-- thereof Liabilities to shareholders	598.8	AC	598.8				
-- thereof Liabilities from non-controlling options	4.2	AC	4.2			4.2	2
Lease liabilities according to IFRS 16	1,089.0						
Total financial liabilities	**4,092.6**						

*Senior Pik Notes: traded price is indicated.

The fair values of trade receivables and payables correspond to their carrying amounts due to their short terms.

The contractual terms of the new Senior Secured Notes as well as the new Senior PIK Notes – which were passed on to Douglas GmbH via a loan from Kirk Beauty SUN GmbH – grant the issuer the right to repurchase the loan at any time.

The issuer's repurchase rights included are exotic, path-dependent options that must be measured as a single instrument for financial mathematical purposes. In accordance with IFRS 9, the derivative is also to be regarded as a single entity for accounting purposes. In order to accurately measure the repurchase options, an interest rate structure model is used that simulates the interest rate development over the entire term or until the respective exercise of the options.

The advantageousness of exercising the repurchase rights depends on the interest rate conditions that the issuer would receive at the time of exercise for taking up alternative financing. The refinancing interest rate is the market interest rate at which the issuer could obtain financing, taking into account a risk premium specific to the issuer. This is offset by the implicit loan interest rate, which is made up of the contracted interest rate. Accordingly, an exercise of the repurchase rights is economic if the refinancing interest rate for alternative financing at the exercise date is below the

[8] 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

implicitly contracted loan interest rate. Consequently, the fair value of the embedded derivative is also largely dependent on these two factors and their expected fluctuations.

In order to determine the advantageousness of an exercise, interest rates and default intensities are each simulated by a one-factor model according to Hull and White (1990). Input parameters of the valuation model are the interest rate and credit spread volatilities as well as the interest rate structure and CDS rates at the respective valuation date. The credit spread volatility is taken into account on the basis of the historical volatility of the CDS spreads of the B- or CCC rating class. The interest rate volatilities are derived from swaption volatilities quoted on the market.

The subsequent measurement of the embedded options at fair value at the interim reporting date resulted in a valuation loss of €12.8 million, which was recognized in the financial result.

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

Fair values of liabilities to banks are based on expected cash flows within the range 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.

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

Fair values of other financial instruments are determined on the basis of the present values of contractually agreed payments, taking into account country-specific yield curves.

Regarding the non-controlling shareholders of one subsidiary in Bulgaria, an obligation exists to acquire their shares as soon as they are tendered by the non-controlling shareholders. Additionally, one German partnership has cancellation rights with the consequence that in the event of termination, compensation at fair value would be payable to the non-controlling shareholders. This results in a commitment of €4.2 million as of the reporting date.

Financial instruments categorized in accordance with IFRS 9 as of September 30, 2021:

	Net book value EUR m	Category	(Amortized) cost EUR m	Fair value through profit or loss EUR m	Fair Value through OCI EUR m	Total fair value EUR m	Level
Assets							
Trade accounts receivable	43.4	AC					
Cash and cash equivalents	240.4	AC					
Financial assets	194.5						
-- thereof embedded derivatives	22.5	FVtPL		22.5		22.5	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	2
Liabilities							
Trade accounts payable	484.5	AC					
Financial liabilities according to IFRS 9	3,025.4						
-- thereof Senior Secured Notes	1,328.6	AC	1,328.6			1,326.3	1
-- thereof Liabilities related to Senior PIK Notes	497.0	AC	497.0			485.1*	2
-- thereof Liabilities to bank	589.5	AC	589.5			589.5	2
-- thereof Liabilities to shareholders	589.5	AC	589.5				
-- thereof Liabilities from non-controlling options	4.0	AC	4.0			4.0	2
-- thereof Liabilities from contingent considerations	13.5	AC	13.5			13.4	3
-- thereof Miscellaneous financial liabilities	3.5	AC	3.5			3.5	2
Lease liabilities according to IFRS 16	1,153.2						
Total financial liabilities	**4,178.6**						

*Senior Pik Notes: traded price is indicated.

Borrowing liabilities

As of December 31, 2021, and as of September 30, 2021, the borrowing liabilities comprised the Senior Secured Notes, the Liabilities related to Senior PIK Notes, the Senior Secured Term Loan Facility (Facility B), the Senior Secured Multi-Currency Revolving Credit Facility (RCF) and other borrowings, as follows:

	12/31/2021		09/30/2021	
	Nominal amount EUR m	Carrying amount EUR m	Nominal amount EUR m	Carrying amount EUR m
Senior Secured Notes	1,305.0	1,308.0	1,305.0	1,328.6
Liabilities related to Senior PIK Notes	497.8	508.3	475.0	497.0
Senior Secured Term Loan Facility (Facility B)	600.0	585.1	600.0	592.4
Senior Secured Multi-Currency Revolving Credit Facility (RCF)	0.0	-4.5	0.0	-4.8
Other borrowings	2.1	2.1	2.0	2.0
Total	**2,404.9**	**2,399.1**	**2,382.0**	**2,415.1**

Carrying amounts include accruals.

The RCF was not utilized in terms of liquidity as of the reporting date.[9]

The issuer of the Senior PIK Notes is Kirk Beauty SUN GmbH, a sister company of Douglas GmbH not included in these Consolidated Financial Statements, which passed on the Senior PIK Notes to Douglas GmbH.

Collateral was provided for the Senior Secured Notes and the Senior Secured Term Loan Facility. The following assets were pledged as collateral: bank balances, shares in certain group companies and intra-group accounts receivable.

In the event of borrower default, the lenders have the opportunity to initiate a contractually defined process, which aims to bring about the immediate due payment of the liability and the utilization of the pledged collateral.

Douglas GmbH and its subsidiaries have to meet certain other obligations and key financial covenants, if 40.0 percent of the nominal value of €170.0 million of the Senior Secured Multi-Currency Revolving Credit Facility is drawn (equaling €68.0 million). The utilization of the RCF by ancillary facilities and collateral such as rent guarantees are not relevant for the calculation of and compliance with the financial covenants. In the first quarter and as of December 31, 2021, compliance with these financial covenants under the loan agreement was not of relevance.

Besides these financial covenants, the Group 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.

The individual financing components of the Group in the form of the issued bonds including the on-lent PIK bond and the syndicated loan, as well as the Revolving Credit Facility that had not been drawn in terms of liquidity as of the reporting date, are closely interwoven.

[9] Available amount for borrowings is reduced by €11.9 million of outstanding rental guarantees.

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:

Acquisition of the online pharmacy “Disapo.de Apotheke B.V”.

In February 2022, the Douglas Group signed a purchase agreement with Disapo founder and CEO Sebastian Kraus to acquire the online pharmacy Disapo.de Apotheke B.V. with registered office in Heerlen (The Netherlands) for a purchase price in the mid double-digit million range. The acquisition remains subject to antitrust approval; the transaction closing is expected in the course of the third quarter of the current fiscal year 2021/22. Sebastian Kraus, will remain CEO and contribute his online retail expertise with pharmaceuticals and other pharmacy products.

Disapo is one of the fast-growing online pharmacies, currently with Germany and China as core markets. The company with around 200 employees recorded net sales about €80 million in the 2021 fiscal year.

By making this acquisition, Douglas is strengthening two pillars of its growth strategy: the consistent digitalization of its business model and the expansion of Douglas Group’s offering to include healthcare products. Douglas is opening up an enormous growth area while also significantly expanding its health product portfolio. For Europe’s leading premium beauty platform, this move is one more step in its systematic digitalization strategy.

The COVID-19 pandemic – still ongoing

The COVID-19 pandemic is not yet over, and restrictions such as entry controls, limits on access to a certain number of customers per store, additional hygiene measures and the requirement to wear masks, which may vary from country to country, are still in place.

Nevertheless, the course of disease, especially for vaccinated people, has been much milder at Omicron than feared and our stores are currently fully open. Management is confident that there will be no prolonged store closures in our core countries in the foreseeable future.

Day of preparation and authorization for issue

Management prepared and authorized for issue the Interim Consolidated Financial Statements on February 17, 2022.

Düsseldorf, February 17, 2022

Douglas GmbH
Management

Appendix

Kirk Beauty SUN GmbH – Interim Financials

Interim Statement of Profit or Loss

of Kirk Beauty SUN GmbH GmbH for the period from October 1, 2021, through December 31, 2021

		10/01/2021-12/31/2021 EUR m	10/01/2020-12/31/2020 EUR m
1.	Other operating expenses	0.0	0.0
2.	**EBITDA**	**0.0**	**0.0**
3.	EBIT	0.0	0.0
4.	Financial income	11.4	0.0
5.	Financial expenses	-11.1	0.0
6.	Financial result	0.3	0.0
7.	**EBT**	**0.3**	**0.0**
8.	**Profit (+) or Loss (-) of the period (Net Income)**	**0.3**	**0.0**

Interim Statement of Financial Position

of Kirk Beauty SUN GmbH as of December 31, 2021

Assets		12/31/2021 EUR m	12/31/2020 EUR m
A.	Non-current assets		
	Financial assets	507.4	-
		507.4	-
B.	Current assets		
	Financial assets	0.0	-
		0.0	-
Total		**507.4**	-

Equity and Liabilities

		12/31/2021 EUR m	12/31/2020 EUR m
A.	Equity		
I.	Capital stock*	0.0	-
II.	Retained Earnings	-0.4	-
III.	Profit of the period	0.3	-
		-0.1	-
B.	Non-current liabilities		
	Financial liabilities	497.2	-
		497.2	-
C.	Current liabilities		
I.	Current provisions	0.0	-
II.	Tax liabilities	1.0	-
III.	Financial liabilities	9.3	-
		10.3	-
Total		**507.4**	**-**

*) Capital stock amounts to €25,000.00