Interim Financial Report
9M FY 2021/22

Douglas GmbH

as of 30 June 2022

Content

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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 and / 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 30 September 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 Interim Consolidated 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 30 September, 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 material IFRS 16-related lease-accounts.

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 30 September 2021.

The results of operations and related cash flows in the following text and tables refer to nine months of the financial year 2021/22, i.e., from 1 October 2021 to 30 June 2022, compared to nine months of the financial year 2020/21, i.e., from 1 October 2020 to 30 June 2021.

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 One GmbH, Düsseldorf, (Group Parent Company) is a limited liability company (Gesellschaft mit beschränkter Haftung) 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 (includes Douglas GmbH and its affiliated subsidiaries) is a leading platform-based European specialist retailer of selective beauty and lifestyle 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 30 June 2022, the DOUGLAS Group operated Brick & Mortar and E-Commerce shops in 26 European countries.

Result of Operations[1]

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

	10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
Sales (net)	**2,865.2**	2,367.3
Sum of adjustments on Net Sales	-25.0	0.0
Adjusted Sales (net)	**2,840.2**	2,367.3
Cost of raw materials, consumables and supplies and merchandise	-1,611.3	-1,365.1
Gross Profit	**1,254.0**	1,002.2
Other operating income	233.7	186.8
Personnel expenses	-455.6	-451.7
Other operating expenses	-820.6	-776.6
Result from impairments on financial assets	0.0	0.0
EBITDA	**211.5**	-39.3
Sum of adjustments on EBITDA	**68.1**	232.9
Adjusted EBITDA	**279.6**	193.5
Amortization/depreciation/impairment	-71.1	-93.2
EBIT	**140.4**	-132.5
Financial income	10.0	143.9
Financial expenses	-195.9	-120.0
Financial result	-185.9	23.9
EBT	**-45.4**	-108.7
Income taxes	-31.6	-31.2
Profit (+) or Loss (-) of the period (Net Income)	**-77.1**	-139.9

[1] Like aforementioned, all figures in the MD&A are stated before the impact of material IFRS 16-related lease-accounts.

Overview of nine months results 9M-21/22

When comparing with the prior-year reporting period, it should be noted that the previous year was impacted by severe COVID-19-related lockdowns and restrictions, particularly in our core countries Germany, France, the Netherlands and Poland. Furthermore, in the third quarter of the 2021/22 financial year the acquired company Disapo.de Apotheke B.V. was consolidated for the first time, which led in particular to higher net sales.

Currently, there are no further drastic COVID 19 restrictions such as store closures or access restrictions, and even minor restrictions like mandatory mask wearing and distance requirements are the exception.

Besides the COVID-19 pandemic other economic risk like supply chain disruptions, rising inflation with stagflationary tendencies and the increase in geopolitical tensions, especially against the backdrop of the war in Ukraine, are challenging the consumer and our business. Despite these external challenges, our net sales increased driven by strong growth in our Brick & Mortar business as our E-Commerce business slowed slightly down as a non-surprising "post-COVID-19 effect". Overall sales remained strongly above the pre-COVID level.

Higher net sales, an even higher gross profit margin, and the successful execution of our Store Optimization Program, resulted in positive EBITDA and adjusted EBITDA and we have a robust liquidity situation.

The result of the store closures planned as part of the restructuring program in Spain was adjusted. This was carried out at the level of the individual items and correspondingly adjusted sales revenues were presented.

Analysis of nine months results 9M-2021/22

Overall, we increased adjusted net sales by 20.0 percent and adjusted EBITDA by 44.5 percent compared to the nine months of the previous fiscal year 2020/21.

Net Sales

Our consolidated total sales (net) increased from €2,367.3 million by €497.9 million or 21.0 percent to €2,865.2 million during the nine months of the financial year ending 30 June 2022, compared to the nine months of the previous fiscal year 2020/21 which was burdened by lockdowns especially in our core countries Germany, The Netherlands France and Poland.

Overall, like-for-like sales (net) increased by even 27.1 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.

Net Sales by segment

In the nine months of the fiscal year 2021/22, adjusted net sales in our four reporting segments – **DACHNL**, **France**, **Southern Europe,** and **Central Eastern Europe** – developed as follows compared to the nine months of the previous fiscal year.

Net sales in **DACHNL** increased by €289.3 million or 26.0 percent to €1,402.1 million, contributed by Brick & Mortar business due to lockdown induced temporary store closures in the previous fiscal year's nine months. At 47.4 percent, DACHNL had by far the highest E-Commerce share of our four regions in the nine months of the fiscal year 2021/22.

In **France** net sales increased by €87.3 million or 16.1 percent to €160.2 million, driven by a strong Brick & Mortar development while E-Commerce sales declined by 12.2 percent coming from an extremely high base. This shift was also partly due to the 4-week closure of French stores in November 2020 as well as February to mid-May 2021, during which customers shopped online and via Click & Collect or Call & Collect.

In the nine months of the fiscal year 2021/22 net sales **in Southern Europe,** the region with the most store closures related to our Store Optimization Program, increased by €14.4 million or 3.3 percent to €448.6 million particularly driven by Brick & Mortar sales and besides continued E-Commerce growth.

Driven by a strong Brick & Mortar and E-Commerce business, net sales in **Central Eastern Europe** increased by 102.9 million or 39.7 percent to €362.5 million reflecting the growth potential of this region and profiting from a very strong Christmas business.

Cost of raw materials, consumables, supplies and merchandise

The cost of raw materials, consumables, supplies and merchandise increased by €246.2 million or 18.0 percent in the first nine months of the financial year 2021/22 and thus at a lower rate than our net sales.

Gross Profit

Our gross profit rose from €1,002.2 million to €1,254.0 million and we managed to achieve a gross margin of 43.8 percent compared to 42.3 percent in the prior-year reporting period.

Other operating income

In the nine months of the financial year 2021/22, other operating income accounted for €233.7 million compared to €186.8 million in the prior-year reporting period. The rise of €47.0 million was mainly the result of higher marketing income and income from disposal of assets.

Personnel expenses

In the nine months of the financial year 2021/22, personnel expenses amounted to €455.6 million compared to €451.7 million for the prior-year reporting period. As a percentage of total net sales, the personnel expenses accounted for 15.9 percent compared to 19.1 percent in the nine months of the financial year 2020/21, reflecting higher net sales as well as personnel costs reductions due to our Store Optimization Program.

Other operating expenses

In the nine months of the financial year 2021/22, other operating expenses increased by €44.0 million to €820.6 million, particularly due to higher goods handling costs as well as marketing and advertising costs.

As a percentage of net sales, other operating expenses decreased to 28.6 percent compared to 32.8 percent in the nine months of the financial year 2020/21, reflecting higher net sales.

EBITDA and Adjusted EBITDA

EBITDA increased by €250.8 million to €211.5 million during the nine months of the financial year 2021/22, specifically due to higher gross profit related to higher net sales.

Adjusted EBITDA increased by €86.1 million or 44.5 percent to €279.6 million during the first nine months ending 30 June 2022, from €193.5 million during the prior-year reporting period. As a percentage of net sales, adjusted EBITDA margin increased by 1.6 percentage points to 9.8 percent, the result of an increased gross profit margin, strict cost discipline and our effective Store Optimization Program.

Total adjustments on EBITDA amounted to €68.1 million during the nine months of the fiscal year 2021/22 compared to €232.9 million during the prior-year reporting period. This decrease essentially resulted from less SOP and COVID-19 adjustments as well as lower consulting fees adjustments partially compensated by higher adjustments for restructuring costs and severance payments related to the restructuring in Spain.

Adjusted EBITDA by segment [2]

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

Adjusted EBITDA in **DACHNL**, increased by €32.0 million to €165.0 million during the nine months ending 30 June 2022, from €133.0 million during the nine months ending 30 June 2021. Adjustments on EBITDA of the DACHNL region totaled €16.6 million during the nine months of the fiscal year 2021/22, primarily resulting from SOP, consulting fees, and COVID-19 effects.

Adjusted EBITDA in **France** increased by €19.5 million to €107.4 million during the nine months ending 30 June 2022, from €87.9 million during the nine months ending 30 June 2021. Adjustments on EBITDA of the French region accounted for minus €9.4million during the nine months ending 30 June 2022, and mainly related to extraordinary income from COVID-19 related rent reimbursements.

Adjusted EBITDA in **Southern Europe** increased by €30.2 million to €35.3 million during the nine months ending 30 June 2022, from €5.1 million during the nine months ending 30 June 2021. Adjustments in the Southern region amounted to €41.4 million during the nine months ending 30 June 2022, especially related to restructuring costs in Spain.

During the first nine months of the financial year 2021/22, adjusted EBITDA in **Central Eastern Europe** increased by a strong €29.5 million, from €34.4 million to €63.9 million, reflecting our sustained growth in this region, where the sales increase offset cost inflation. Adjustments in the Central Eastern region, mainly resulting from COVID-19 effects, totaled €0.6 million in the nine months of the fiscal year 2021/22.

EBIT

In the first nine months of the financial year 2021/22, EBIT increased by €273.0 million to €140.4 million from minus €132.5 million during the nine months ending 30 June 2021. Depreciation, amortization, and impairment amounted to €71.1 million, €22.1 million lower than in the previous year with €93.2 million reflecting our cautious spending policy. Effects from SOP Impairment losses amounted to €3.9 million compared to €11.0 million in the previous nine months of the fiscal year 2020/21.

Financial result

Financial result of the nine months of the financial year ending 30 June 2022 amounted to minus €185.9 million, compared to €23.9 million during the nine months ending June 30, 2021. The decrease of €209.7 million was mainly due to a positive prior-year IFRS 9-valuation effect of our loan receivables from the former shareholder Kirk Beauty Two GmbH accounting for €105.5 million and, since our refinancing, higher financing costs, including the financing costs resulting from the shareholder loan and the passed on PIK Notes.

Income taxes

Income taxes increased slightly by €0.4 million to €31.6 million in the nine months of fiscal year 2021/22 compared to €31.2 million in the prior-year reporting period.

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

Profit or Loss

The loss in the nine months of the fiscal year ending 30 June 2022 amounted to €77.1 million, compared to €139.9 million during the nine months of the fiscal year ending 30 June 2021. The loss in the nine months of the prior fiscal year was characterized and reduced in particular by the positive IFRS 9 valuation effect in the financial result.

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 the Annual Consolidated Financial Statements as of 30 September 2021. Accordingly, the structure and composition of the reportable segments and our external segment reporting were adopted.

Douglas Group's segment reporting comprises the regions DACHNL, France, Southern Europe, and Central Eastern Europe. Corporate Functions items, previously shown within the former segment "Germany", were excluded from the segment.

The most important financial performance indicators of the Douglas Group are growth (adjusted net 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 and Adjusted Net Sales

For the first time we also presented the Key Performance Indicator "Adjusted Net Sales" in the Interim Consolidated Financial Statements. If significant restructuring measures, such as plans to close or sell a large number of stores, are implemented in a single measure and management concludes that the sales, expenses and income arising in connection with this measure are unsuitable for management purposes as a whole, the net sales should also be adjusted and Adjusted Net Sales presented within our Segment Reporting.

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

	10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
Douglas-Group		
Sales (net)	2,865.2	2,367.3
Adjusted external Sales (net)	2,840.2	2,367.3
Segments		
DACHNL		
External Sales (net)	1,402.1	1,112.7
Adjusted external Sales (net)	1,402.1	1,112.7
France		
External Sales (net)	633.5	541.6
Adjusted external Sales (net)	628.9	541.6
Southern Europe		
External Sales (net)	469.0	434.2
Adjusted external Sales (net)	448.6	434.2
Central Eastern Europe		
External Sales (net)	362.5	259.5
Adjusted external Sales (net)	362.5	259.5

EBITDA and Adjusted EBITDA

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

		10/01/2021-06/30/2022	10/01/2020-06/30/2021
Douglas-Group			
EBITDA	EUR m	211.5	-39.3
EBITDA-margin	%	7.4	-1.7
Adjustments	EUR m	68.1	232.9
Adjusted EBITDA	EUR m	279.6	193.5
Adjusted EBITDA-margin	%	9.8	8.2
Segments			
DACHNL			
EBITDA	EUR m	148.4	31.1
EBITDA-margin	%	10.6	2.8
Adjustments	EUR m	16.6	101.9
Adjusted EBITDA	EUR m	165.0	133.0
Adjusted EBITDA-margin	%	11.8	12.0
France			
EBITDA	EUR m	116.8	61.7
EBITDA-margin	%	18.4	11.4
Adjustments	EUR m	-9.4	26.2
Adjusted EBITDA	EUR m	107.4	87.9
Adjusted EBITDA-margin	%	17.1	16.2
Southern Europe			
EBITDA	EUR m	-6.1	-38.8
EBITDA-Marge	%	-1.3	-8.9
Adjustments	EUR m	41.4	43.8
Adjusted EBITDA	EUR m	35.3	5.1
Adjusted EBITDA-margin	%	7.9	1.2
Central Eastern Europe			
EBITDA	EUR m	63.9	34.4
EBITDA-margin	%	17.6	13.3
Adjustments	EUR m	0.6	7.8
Adjusted EBITDA	EUR m	64.5	42.2
Adjusted EBITDA-margin	%	17.8	16.2

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

	10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
EBITDA	422.7	166.2
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	-211.2	-205.5
EBITDA without IFRS 16 (=KPI to be adjusted)	**211.5**	-39.3
Purchase Price Allocations (PPA)	-0.3	4.2
Restructuring costs (staff-related) and severance payments	35.9	5.4
Consulting fees	19.3	27.0
Other adjustments	8.8	8.1
COVID-19-effects	-4.0	99.0
Store Optimization Program (SOP)	8.4	89.2
Sum of adjustments on EBITDA	**68.1**	232.9
Adjusted EBITDA	**279.6**	193.5

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 €270.8 million, as well as our undrawn Revolving Credit Facility of €170.0 million as of 30 June 2022.[3]

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 nine months ending 30 June 2022, our cash flows from operating activities, cash on hand and the availability of borrowings under our Revolving Credit Facility our liquidity 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 also refer to the chapter "Assumption of going concern as the basis for accounting" in the section "Interim Consolidated Financial Statements".

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:

	06/30/2022 EUR m	06/30/2021 EUR m
Inventories	656.4	689.3
Trade accounts receivable	56.8	52.4
Trade accounts payable	-479.1	-450.9
Other	-46.2	-43.1
Net Working Capital	**187.9**	247.7

[3] Available amount for borrowings is reduced by €10.7 million of outstanding collateral, mostly in the form of rental guarantees.

Net Working Capital decreased by €59.8 million to €187.9 million as of 30 June 2022 compared to €242.7 million as of 30 June 2021. This decrease is mainly a result of lower inventories related to strong limit control, partially supply chain issues and higher trade accounts payable.

Investments in non-current assets

The investments made during the nine months of the fiscal year ending 30 June 2022 mainly related to store refurbishments or openings in our Brick & Mortar business, as well as IT and spending for the further personalization of our App, quick commerce, the preparation of our Partner Program go-live in Italy, as well as social commerce in our E-Commerce channel.

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 nine months of the fiscal year ending 30 June 2022, our cash-investment (net cash flow from investing activities) in non-current assets amounted to €76.5 million. Adjusted for payments for the acquisition of DISAPO, cash-investment accounted for €52.3 million, below prior-year payments of €63.8 million.

Investments in property plant and equipment and intangible assets (CAPEX) consisted of €52.0 million additions during the nine months of the financial year 2021/22 and were on a par with the prior-year investments accounting for €50.8 million.

Consolidated Cash Flow Data

The following table summarizes our cash flows for the periods indicated:

		10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
=	EBITDA	211.5	-39.3
+/-	Increase/decrease in provisions	-5.1	43.4
+/-	Other non-cash expense/income	4.3	5.4
+/-	Loss/profit on the disposal of non-current assets	-9.5	-0.5
+/-	Changes in net working capital without liabilities from investments in non-current assets	10.5	15.5
+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	-3.4	24.9
-/+	Paid/reimbursed taxes	-37.9	-32.6
=	Net cash flow from operating activities	170.4	16.8
+	Proceeds from the disposal of non-current assets	4.6	4.7
-	Payments for investments in non-current assets	-56.9	-68.6
-	Payments for the acquisition of consolidated companies and other business units	-24.2	0.0
=	Net cash flow from investing activities	-76.5	-63.8
	Free cash flow (FCF)	93.9	-47.0
+	Receipts from equity contributions	0.0	220.0
-	Payments for the redemption of financial loans and bonds	-15.1	-67.5
+	Proceeds from the issuance of financial loans and bonds	76.8	18.7
-	Transaction costs paid in respect of financial loans and bonds	-3.6	-53.1
-	Interest paid	-121.3	-104.2
+	Interest received	0.3	0.2
=	Net cash flow from financing activities	-62.9	14.1
	Net change in cash and cash equivalents	31.0	-32.9
+/-	Net change in cash and cash equivalents due to currency translation	-0.6	0.1
+	Cash and cash equivalents at the beginning of the reporting period	240.4	256.3
=	Cash and cash equivalents at the end of the reporting period	270.8	223.5

Cash Flow from operating activities

Cash provided by **operating activities** increased by €153.6 million to €170.4 million during the nine months ending 30 June 2022, from €16.8 million during the nine months of the prior-year reporting period. This increase was the result of €250.8 million higher EBITDA partly compensated by various effects, especially the decrease in provisions and the decline of changes in other assets/liabilities not classifiable to investing or financing activities.

Cash Flow from investing activities

Cash used for **investing activities** (cash outflows) increased by €12.6 million to €76.5 million during the nine months of the fiscal year ending 30 June 2022, from €63.8 million during the prior-year reporting period relating to the payments made for the acquisition of the online pharmacy Disapo.de Apotheke B.V.

Cash Flow from financing activities

During the nine months of the fiscal year 2021/22 ending 30 June 2022, cash used for **financing activities** (cash outflows) amounted to €62.9 million, compared to cash inflows of €14.1 million during the prior-year reporting period. The increase of cash-out amounting to €77.0 million might be considered against the background of the refinancing in April 2021 and primarily relates to the receipts from equity contributions of €220.0 million in the prior-year reporting period, partly compensated by the increase of proceeds from the issuance of financial loans amounting to €58.1 million, in particular caused by the additional credit facility of €75.0 million (Incremental Term Facility) drawn in March 2022 to finance the acquisition of the online pharmacy Disapo.de Apotheke B.V., and less payments for the redemption of financial loans accounting for €52.3 million as well as less transaction costs paid (prior year: various effects from the refinancing; in particular the RCF was redeemed and higher transactions costs were paid).

Liquidity and net debt as of 30 June 2022 and 30 September 2021

As of 30 June 2022, the cash balance amounted to €270.8 million compared to €240.4 million as of 30 September 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 30 June 2022, and 30 September 2021, as follows:

	06/30/2022		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	1,309.4	1,305.0	1,328.6
Liabilities related to Senior PIK Notes	520.8	531.7	475.0	497.0
Senior Secured Term Loan Facility (Facility B)	675.0	659.6	600.0	592.4
Senior Secured Multi-Currency Revolving Credit Facility (RCF)	0.0	-3.9	0.0	-4.8
Other borrowings	1.3	1.3	2.0	2.0
Total	**2,502.2**	**2,498.1**	**2,382.0**	**2,415.1**
Cash and cash equivalents	270.8	270.8	240.4	240.4
Net debt	**2,231.4**	**2,227.3**	**2,141.5**	**2,174.6**

Carrying amounts include accruals and valuation components. The RCF was not utilized in terms of liquidity as of the reporting date.[4]

[4] Available amount for borrowings is reduced by €10.7 million of outstanding collateral, mostly in the form of rental guarantees.

Interim Consolidated Financial Statements

of Douglas GmbH for the period from 1 October 2021 to 30 June 2022

The consolidated statements have been prepared in millions of Euros (€ million, EUR m). 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.

Interim Consolidated Statement of Profit or Loss

of Douglas GmbH for the period from 1 October 2021 to 30 June 2022

	10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m	04/01/2022-06/30/2022 EUR m	04/01/2021-06/30/2021 EUR m
Sales (net)	**2,865.2**	2,367.3	**850.1**	643.9
Cost of raw materials, consumables and supplies and merchandise	-1,611.3	-1,365.1	-473.5	-367.9
Gross Profit	**1,254.0**	1,002.2	**376.6**	276.0
Other operating income	242.6	184.1	85.3	51.4
Personnel expenses	-455.6	-451.7	-142.0	-121.5
Other operating expenses	-618.4	-568.5	-202.6	-161.8
Result from impairments on financial assets	0.0	0.0	0.0	0.0
EBITDA	**422.7**	166.2	**117.4**	44.2
Amortization/depreciation/impairment	-263.9	-296.3	-84.4	-103.7
EBIT	**158.8**	-130.1	**32.9**	-59.6
Financial income	10.3	144.1	1.1	13.4
Financial expenses	-221.1	-153.0	-82.2	-40.0
Financial result	-210.8	-8.9	-81.1	-26.6
EBT	**-52.0**	-139.0	**-48.2**	-86.1
Income taxes	-31.6	-31.2	-3.7	-6.1
Profit (+) or Loss (-) of the period (Net Income)	**-83.6**	-170.2	**-51.8**	-92.3
Attributable to owners of the parent	-83.6	-170.2	-51.8	-92.3
Attributable to non-controlling interests	0.0	0.0	0.0	0.0

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Douglas GmbH for the period from 1 October 2021 to 30 June 2022

	Notes No.	10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m	04/01/2022-06/30/2022 EUR m	04/01/2021-06/30/2021 EUR m
Profit (+) or Loss (-) of the period (Net Income)		-83.6	-170.2	-51.8	-92.3
Other comprehensive income after tax					
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		-2.8	-2.2	-3.1	3.2
Items that are not reclassified to profit or loss					
Actuarial gains or losses from pension and similar obligations	23	0.0	0.0	0.0	0.0
Other comprehensive income after tax		-2.8	-2.2	-3.1	3.2
Total comprehensive income		-86.5	-172.4	-54.9	-89.1
Attributable to owners of the parent		-86.5	-172.4	-54.9	-89.1
Attributable to non-controlling interests		0.0	0.0	0.0	0.0

Interim Consolidated Statement of Financial Position

of Douglas GmbH as of 30 June 2022

Assets

	06/30/2022 EUR m	09/30/2021 EUR m
Non-current assets		
Intangible assets	2,079.4	2,041.5
Property, plant and equipment	202.9	220.3
Right-of-use assets from leases	919.8	1,037.6
Financial assets	16.9	35.7
Deferred tax assets	21.4	26.3
	3,240.3	**3,361.5**
Current assets		
Inventories	656.4	653.3
Trade accounts receivable	56.8	43.4
Tax receivables	36.7	33.6
Financial assets	150.1	158.8
Other assets	44.3	41.0
Cash and cash equivalents	270.8	240.4
	1,215.0	**1,170.6**
Assets held for sale	**0.0**	**8.4**
	4,455.3	**4,540.5**

	06/30/2022 EUR m	09/30/2021 EUR m
Equity		
Capital stock*	0.0	0.0
Additional paid-in capital	668.8	668.8
Other reserves	-1,731.9	-1,652.3
Equity before non-controlling interests	**-1,063.1**	**-983.5**
Non-controlling interests	0.0	0.0
	-1,063.1	**-983.5**
Non-current liabilities		
Pension provisions	35.2	36.0
Other non-current provisions	50.4	52.4
Financial liabilities	3,898.7	3,837.2
Other liabilities	26.7	16.4
Deferred tax liabilities	263.3	273.5
	4,274.3	**4,215.4**
Current liabilities		
Current provisions	110.4	112.6
Trade accounts payable	479.1	484.5
Tax liabilities	115.3	100.1
Financial liabilities	262.5	341.4
Other liabilities	276.8	268.5
	1,244.1	**1,307.1**
Liabilities related to assets held for sale	**0.0**	**1.5**
	4,455.3	**4,540.5**

* Capital stock amounted 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.

Interim Statement of Changes in Group Equity

of Douglas GmbH for the period from 1 October 2021 to 30 June 2022

			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	-2.8	-2.8	0.0
Other comprehensive income after tax	**0.0**	**0.0**	**0.0**	**0.0**	**-2.8**	**-2.8**	**0.0**
Profit (+) or Loss (-) of the period (Net Income)	0.0	0.0	-83.6	0.0	0.0	-83.6	0.0
Total comprehensive income	**0.0**	**0.0**	**-83.6**	**0.0**	**-2.8**	**-86.5**	**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	6.9	0.0	0.0	6.9	0.0
Transactions with shareholders	0.0	0.0	6.9	0.0	0.0	6.9	0.0
06/30/2022	**0.0**	**668.8**	**-1,716.7**	**-2.6**	**-12.6**	**-1,063.0**	**0.0**

			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	-452.3	-2.2	-5.3	665.4	0.0
Currency translation	0.0	0.0	0.0	0.0	-2.2	-2.2	0.0
Other comprehensive income after tax	0.0	0.0	0.0	0.0	-2.2	-2.2	0.0
Profit (+) or Loss (-) of the period (Net Income)	0.0	0.0	-170.2	0.0	0.0	-170.2	0.0
Total comprehensive income	0.0	0.0	-170.2	0.0	-2.2	-172.4	0.0
Share-based Payment	0.0	0.0	6.6	0.0	0.0	6.6	0.0
Transactions with shareholders	0.0	0.0	6.6	0.0	0.0	6.6	0.0
06/30/2021	0.0	1,125.1	-615.9	-2.2	-7.6	499.5	0.0

* Capital stock amounted 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.

Interim Consolidated Statement of Cash Flows

of Douglas GmbH for the period from 1 October 2021 to 30 June 2022

		10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
	Profit (+) or Loss (-) of the period (Net Income)	-83.6	-170.2
+	Income taxes	31.6	31.2
+	Financial result	210.8	8.9
+	Amortization/depreciation/impairment	263.9	296.3
=	EBITDA	422.7	166.2
+/-	Increase/decrease in provisions	-5.1	43.4
+/-	Other non-cash expense/income	4.5	5.4
+/-	Loss/profit on the disposal of non-current assets	-9.5	-0.5
+/-	Changes in net working capital without liabilities from investments in non-current assets	10.5	15.5
+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	1.6	37.8
-/+	Paid/reimbursed taxes	-37.9	-32.6
=	**Net cash flow from operating activities**	**386.6**	235.2
+	Proceeds from the disposal of non-current assets	4.6	4.7
-	Payments for investments in non-current assets	-56.9	-68.6
-	Payments for the acquisition of consolidated companies and other business units	-24.2	0.0
=	**Net cash flow from investing activities**	**-76.5**	-63.8
	Free cash flow (FCF)	**310.2**	171.3
+	Receipts from equity contributions	0.0	220.0
-	Payments for the redemption of financial loans and bonds	-15.1	-86.1
-	Payments for the redemption of lease liabilities	-191.1	-166.9
+	Proceeds from the issuance of financial loans and bonds	76.8	18.7
-	Transaction costs paid in respect of financial loans and bonds	-3.6	-53.1
-	Interest paid	-146.5	-137.1
+	Interest received	0.3	0.2
=	**Net cash flow from financing activities**	**-279.2**	-204.2
	Net change in cash and cash equivalents	31.0	-32.9
+/-	Net change in cash and cash equivalents due to currency translation	-0.6	0.1
+	Cash and cash equivalents at the beginning of the reporting period	240.4	256.3
=	**Cash and cash equivalents at the end of the reporting period**	**270.8**	223.5

Notes to the Interim Consolidated Financial Statements

of Douglas GmbH for the period from 1 October 2021 to 30 June 2022

Segment Reporting

Reportable Segments[5]

		DACHNL		France	
		10/01/2021-06/30/2022	10/01/2020-06/30/2021	10/01/2021-06/30/2022	10/01/2020-06/30/2021
External Sales (net)	EUR m	1,402.1	1,112.7	633.5	541.6
Intersegment sales (net)	EUR m	5.5	9.2	0.0	0.0
Sales (net)	EUR m	1,407.6	1,121.9	633.5	541.6
Sum of adjustments on Net Sales	EUR m	0.0	0.0	-4.7	0.0
Adjusted external Sales (net)	EUR m	1,402.1	1,112.7	628.9	541.6
EBITDA	EUR m	246.3	119.7	152.9	98.2
EBITDA-margin	%	17.6	10.8	24.1	18.1
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-97.9	-88.6	-36.1	-36.5
EBITDA without IFRS 16 (=KPI to be adjusted)	EUR m	148.4	31.1	116.8	61.7
EBITDA-margin (without IFRS 16)	%	10.6	2.8	18.4	11.4
Sum of adjustments on EBITDA	EUR m	16.6	101.9	-9.4	26.2
Adjusted EBITDA	EUR m	165.0	133.0	107.4	87.9
Adjusted EBITDA-margin	%	11.8	12.0	17.1	16.2
Inventories	EUR m	288.2	310.8	112.7	118.5
Capital expenditure	EUR m	8.6	29.5	7.9	5.8

[5] In the case of intersegment sales (net), the principal position is generally assumed.

		Southern Europe 10/01/2021-06/30/2022	10/01/2020-06/30/2021	Central Eastern Europe 10/01/2021-06/30/2022	10/01/2020-06/30/2021	Total Reportable Segments 10/01/2021-06/30/2022	10/01/2020-06/30/2021
External Sales (net)	EUR m	469.0	434.2	362.5	259.5	2,867.0	2,348.0
Intersegment sales (net)	EUR m	0.0	0.0	0.0	0.0	5.5	9.2
Sales (net)	EUR m	469.0	434.2	362.5	259.5	2,872.6	2,357.2
Sum of adjustments on Net Sales	EUR m	-20.4	0.0	0.0	0.0	-25.0	0.0
Adjusted external Sales (net)	EUR m	448.6	434.2	362.5	259.5	2,842.0	2,348.0
EBITDA	EUR m	45.0	18.3	89.9	57.8	323.0	88.5
EBITDA-margin	%	9.6	4.2	24.8	22.3	11.3	3.8
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	EUR m	-51.1	-57.1	-26.0	-23.4	-211.2	-205.5
EBITDA without IFRS 16 (=KPI to be adjusted)	EUR m	-6.1	-38.8	63.9	34.4	323.0	88.5
EBITDA-margin (without IFRS 16)	%	-1.3	-8.9	17.6	13.3	11.3	3.8
Sum of adjustments on EBITDA	EUR m	41.4	43.8	0.6	7.8		
Adjusted EBITDA	EUR m	35.3	5.1	64.5	42.2	372.1	268.1
Adjusted EBITDA-margin	%	7.9	1.2	17.8	16.2	13.1	11.4
Inventories	EUR m	149.0	170.8	110.9	93.4	660.8	693.6
Capital expenditure	EUR m	5.2	3.3	5.8	6.2	27.4	44.8

Key Performance Indicator "Adjusted Net Sales" presented for the first time

For the first time we also presented the Key Performance Indicator "Adjusted Net Sales" in the Interim Consolidated Financial Statements. If significant restructuring measures, such as plans to close or sell a large number of stores, are implemented in a single measure and management concludes that the sales, expenses and income arising in connection with this measure are unsuitable for management purposes as a whole, the net sales should also be adjusted and Adjusted Net Sales presented within our Segment Reporting.

Reconciliation of the segment performance indicators Sales, EBITDA, ADJUSTED EBITDA, and CAPEX to the Group

External Sales (net)	10/01/2021-06/30/2022	10/01/2020-06/30/2021	04/01/2022-06/30/2022	04/01/2021-06/30/2021
	EUR m	EUR m	EUR m	EUR m
Total Reportable Segments	2,867.0	2,348.0	850.8	638.1
Consolidation & Adaptation (prior year)	-1.8	19.3	-0.8	5.9
Sales (net) - Douglas Group	2,865.2	2,367.3	850.1	643.9

Adjusted external Sales (net)	10/01/2021-06/30/2022	10/01/2020-06/30/2021	04/01/2022-06/30/2022	04/01/2021-06/30/2021
	EUR m	EUR m	EUR m	EUR m
Total Reportable Segments	2,842.0	2,348.0	830.5	638.1
Consolidation & Adaptation (prior year)	-1.8	19.3	-0.8	5.9
Douglas Group	2,840.2	2,367.3	829.7	643.9

EBITDA	10/01/2021-06/30/2022	10/01/2020-06/30/2021	04/01/2022-06/30/2022	04/01/2021-06/30/2021
	EUR m	EUR m	EUR m	EUR m
Total Reportable Segments	323.0	88.5	83.6	18.3
Corporate Functions	-111.7	-123.0	-40.7	-43.4
Consolidation	0.2	-4.9	0.1	2.4
Douglas Group	211.5	-39.3	43.1	-22.7

Adjusted EBITDA	10/01/2021-06/30/2022	10/01/2020-06/30/2021	04/01/2022-06/30/2022	04/01/2021-06/30/2021
	EUR m	EUR m	EUR m	EUR m
Total Reportable Segments	372.1	268.1	96.1	50.5
Corporate Functions	-92.3	-73.9	-32.4	-26.5
Consolidation	-0.2	-0.7	0.0	-0.1
Douglas Group	279.6	193.5	63.6	23.9

CAPEX	10/01/2021-06/30/2022	10/01/2020-06/30/2021	04/01/2022-06/30/2022	04/01/2021-06/30/2021
	EUR m	EUR m	EUR m	EUR m
Total Reportable Segments	660.8	693.6	660.8	693.6
Corporate Functions	24.6	6.0	8.9	9.6
Consolidation	-4.4	-4.3	-4.4	-4.3
Douglas Group	656.4	689.3	656.4	689.3

Reconciliation from EBITDA to Adjusted EBITDA

of Douglas Group for the period from 1 October 2021 to 30 June 2022

	10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
EBITDA	422.7	166.2
Lease expenses and income according to former IAS 17 which are to be capitalized following IFRS 16	-211.2	-205.5
EBITDA without IFRS 16 (=KPI to be adjusted)	**211.5**	-39.3
Purchase Price Allocations (PPA)	-0.3	4.2
Restructuring costs (staff-related) and severance payments	35.9	5.4
Consulting fees	19.3	27.0
Other adjustments	8.8	8.1
COVID-19-effects	-4.0	99.0
Store Optimization Program (SOP)	8.4	89.2
Sum of adjustments on EBITDA	**68.1**	232.9
Adjusted EBITDA	**279.6**	193.5

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 and charges, recognized 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 directly personnel-related, or that are not part of a superordinate result to be adjusted, 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 stores that were temporarily closed due to lockdowns and other additional costs caused by the COVID-19 pandemic.
- Store Optimization Program (SOP):
  The SOP Includes all expenses related to the optimization of our store network that fall under the unified measure announced in January 2021.

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 the Annual Consolidated Financial Statements as of 30 September 2021.

Accordingly, the structure and composition of the reportable segments and our external segment reporting were adopted. Douglas Group’s segment reporting comprises the regions DACHNL, France, Southern Europe, and Central Eastern Europe. Corporate Functions items, previously shown within the former segment “Germany”, are excluded from the segment.

The reportable segment DACHNL comprises the operating segments "DACH", consisting of Germany, Austria, and Switzerland, and the operating segment 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.[6]

Corporate Functions are located in the central departments of the Group’s headquarter in Germany and 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.

Segment Performance Indicator

The most important financial performance indicators used to manage the Douglas Group are growth (adjusted net 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.

Furthermore, cost allocation principles have been reworked, developing from a more administrative perspective towards a commercial view. This is predominantly valid for gross profit which was related to our own brand wholesale business in the past and therefore part of corporate functions.

Adjusted EBITDA - 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.

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

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“.

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), the optimization of our store network that fall under the unified measure announced in January 2021, 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.

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, as well as 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).

Principles, Fundamentals and Methodologies

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 GmbH issued Senior Secured Notes and Kirk Beauty SUN GmbH, a sister company of Douglas GmbH, Senior PIK Notes in April 2021.

These Interim Consolidated Financial Statements cover the period of the first nine months of the financial year 2021/22 from 1 October 2021 to 30 June 2022 (interim reporting period) as of 30 June 2022 (interim reporting date).

The previous year's figures presented here are from the period before the reorganization of the holding structure and are thus attributable to the former Kirk Beauty One GmbH. For further information, please refer to the Consolidated Financial Statements for the fiscal year ending 30 September 2021.

These Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as applicable within the European Union and should be read in conjunction with the Company's most recent Annual Consolidated Financial Statements for the financial year ending 30 September 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 (€ millions, 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.

Although all indications are that the COVID-19 crisis has subsided in Europe and there currently are no further COVID-19 restrictions such as temporary store closures or access restrictions, it is theoretically possible that the COVID-19 crisis could flare up again and significantly impact financial results.

Furthermore the Group's transformation process is not yet complete.

In this context, it remains to be seen how the "new normal" will materialize, with possible impact on our strategy and business performance.

These risks could burden the Group's liquidity in the way 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 redeem its liabilities in the normal course of business.

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

New or changed standards and interpretations

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 30 September 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	32	52
Entities consolidated for the first time	3	1	4
Deconsolidated companies	0	2	2
Merged companies	3	1	4
06/30/2022	20	30	50

Consolidation methods

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.

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 10/01/2021-06/30/2022 EUR m	Closing rate 06/30/2022 EUR m	Average exchange rate 10/01/2020-06/30/2021 EUR m	Closing rate 06/30/2021 EUR m
Bulgarian Lev	BGN	0.51130	0.51130	0.51130	0.51130
Swiss Franc	CHF	0.96218	0.96218	0.96218	0.96218
Czech Koruna	CZK	0.04017	0.04017	0.04017	0.04017
Croatian Kuna	HRK	0.13274	0.13274	0.13274	0.13274
Hungarian Forint	HUF	0.00269	0.00269	0.00269	0.00269
Polish Zloty	PLN	0.21600	0.21600	0.21600	0.21600
Romanian Lei	RON	0.20215	0.20215	0.20215	0.20215

Foreign currency transactions are recognized in the functional currency and 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' Annual Consolidated Financial Statements as of 30 September 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.

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the Interim Consolidated Financial Statements may differ from management's estimate of the effective tax rate for the Consolidated Annual Financial Statements.

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 judgement.

Judgement is also required whether the Group accounts for certain sales transactions as either agent or principal.

As far as the war in Ukraine is concerned, we do not see any direct impacts on our business and on the financial statements. On the one hand, we do not run own operations neither in Ukraine nor in Russia. On the other hand, we do not purchase directly in Ukraine or Russia either.

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.

Acquisition of Disapo

On 7 April 2022, the purchase of the online pharmacy Disapo.de Apotheke B.V. ("Disapo"), based in Heerlen (Netherlands), was successfully closed. The purchase includes all shares in Disapo.

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

By making this acquisition, Douglas is investing in access to the pharmacy market and plans to gradually expand its online pharmacy offering to all of our European regions. Thus 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 purchase price consists of two purchase price components and an earn-out and is not yet finally determined but expected to not exceed the mid-double-digit-million euros range.

Douglas is obliged to determine by 31 March 2026 whether and in what amount an Earn-Out has incurred ("Earn-Out determination"). The Earn-Out shall be due and payable within ten banking days from the date on which the Earn-Out determination has become binding (i) by the expiration of the deadline, (ii) by agreement of the parties or (iii) by decision of the arbitrator between the parties.

In the third quarter of the 2022 fiscal year, Disapo was included in the Interim Consolidated Financial Statements for the first time. Due to the recent acquisition, the initial accounting for the business combination is not completed at the time the Interim Consolidated Financial Statements are authorized for issue. The disclosures required by IFRS 3 B64 (e) to (q) will be presented in the Annual Consolidated Financial Statements for the fiscal year ending 30 September 2022.

Restructuring of the Spanish branch network

Douglas deeply analyzed the store footprint of Douglas Spain in order to understand the feasibility to create a sustainable and profitable business for the future. As a result, Douglas Spain is planning to close around 125 branches and keeping open about 80 branches. The restructuring of the stores was largely completed by the reporting date.

Spain remains a very important market for Douglas and we will continue to be represented there with stores and online. We are confident of being able to transfer a share of the sales from the stores planned for closure to the remaining stores and our online shop. Going forward, we intend to operate in Spain in the future with an attractive and profitable network of stores in most major Spanish cities. At the same time, we will continue to invest in our digital offerings.

Notes to the Consolidated Statement of Profit or Loss

Adjusted Net sales by channel

		DACHNL 10/01/2021-06/30/2022	10/01/2020-06/30/2021	France 10/01/2021-06/30/2022	10/01/2020-06/30/2021
Adjusted Net Sales Brick & Mortar	EUR m	737.9	434.7	492.2	385.9
Adjusted Net Sales E-Commerce	EUR m	665.1	678.0	136.7	155.7
Other Adjusted Net Sales & reconciliation	EUR m	-0.9	0.0	0.0	0.0
Total	**EUR m**	**1,402.1**	1,112.7	**628.9**	541.6

		Southern Europe 10/01/2021-06/30/2022	10/01/2020-06/30/2021	Central Eastern Europe 10/01/2021-06/30/2022	10/01/2020-06/30/2021	Total Reportable Segments 10/01/2021-06/30/2022	10/01/2020-06/30/2021
Adjusted Net Sales Brick & Mortar	EUR m	378.4	368.5	281.8	184.5	1,890.3	1,373.7
Adjusted Net Sales E-Commerce	EUR m	70.2	65.7	80.6	75.0	952.6	974.4
Other Adjusted Net Sales & reconciliation	EUR m	0.0	0.0	0.0	0.0	-0.9	0.0
Total	**EUR m**	**448.6**	434.2	**362.5**	259.5	**2,842.0**	2,348.0

Notes to the Interim Consolidated Statement of Financial Position

Share-based payment

Management participation program II

The new share-based compensation program established in the prior financial year 2020/21 by means of a second management investment company, Kirk Beauty 2 Beteiligungs GmbH & Co. KG, a direct shareholder of Douglas GmbH, grants share to key management personnel, other senior executives, and other individuals, enabling them to hold an indirect interest in the Douglas-Group and thus participate in the expected increase in value.

In financial year 2021/22, five participants joined the program.

The parameters used in calculation are as follows.

Parameters	2021/2022
risk-free interest rate	0.1%
market risk premium	7.5%
unlevered beta	1.0
volatility	26.4%
WACC after tax	8.1%
DLOM	7.8%

The fair values of the benefits granted to the five participants were as follows: Shares in capital stock €5.2 million and shares in the shareholder loan €0.0 million.

The total purchase price of the shares issued to the participants existing at the reporting date amounted to €0.0 million for the shares in capital stock and €0.6 million for the shares in the shareholder loan.

The total value of the benefits arising from the shares granted to employees amounts to €23.8 million. Due to the classification as an equity-settled share-based payment program, the fair value of the respective benefit from the share grant, determined at the grant date, is recognized as personnel expense over the vesting period; the offsetting entry is made in retained earnings. Personnel expenses of €6.9 million were recognized for this share-based payment in the nine months of the financial year 2021/22.

Management participation program I

There were no changes in the nine months of fiscal 2021/22. For further information, please refer to the Consolidated Financial Statements for the fiscal year ending 30 September 2021.

Fair value of financial instruments[7]

Financial instruments categorized in accordance with IFRS 9 as of 30 June 2022:

	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	56.8	AC					
Cash and cash equivalents	270.8	AC					
Financial assets	167.0						
-- thereof embedded derivatives	0.7	FVtPL		0.7		0.7	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	2
Total financial assets	**167.0**						
Liabilities							
Trade accounts payable	479.1	AC					
Financial liabilities according to IFRS 9	3,122.8						
-- thereof Senior Secured Notes	1,309.4	AC	1,309.4			**1,011.4**	**1**
-- thereof Liabilities related to Senior PIK Notes	531.7	AC	531.7			306.0	2
-- thereof Liabilities to bank	657.0	AC	657.0			657.0	2
-- thereof Liabilities to shareholders	617.8	AC	617.8				
-- thereof Liabilities from non-controlling options	4.2	AC	4.2			4.2	2
-- thereof Liabilities from contingent considerations	1.8	AC	1.8			1.8	3
Lease liabilities according to IFRS 16	1,038.4						
Total financial liabilities	**4,161.2**						

*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.

[7] 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

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 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 €21.8 million, which was recognized in the financial result.

Fair values of the Notes liabilities are calculated on the basis of market prices quoted 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. For 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 overall in a liability of €4.2 million as of the reporting date.

As the final purchase price for the remaining shares of Niche Beauty is still being evaluated to a minor part, a liability has been recognized and disclosed as “liabilities from contingent considerations”.

Financial instruments categorized in accordance with IFRS 9 as of 30 September 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
Total financial assets	**194.5**						
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
Lease liabilities according to IFRS 16	1,153.2						
Total financial liabilities	**4,178.6**						

Fair value Senior PIK Notes: traded price is indicated.

Borrowing liabilities

As of 30 June 2022, and as of 30 September 2021, the borrowing liabilities comprise the Senior Secured Notes, the Liabilities related to the Senior PIK Notes, the Senior Secured Term Loan Facility including the Incremental Term Facility of €75.0 million (Facility B), the Senior Secured Multi-Currency Revolving Credit Facility (RCF) and other borrowings as of 30 June 2022 and 30 September 2021, as follows:

	06/30/2022		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	1,309.4	1,305.0	1,328.6
Liabilities related to Senior PIK Notes	520.8	531.7	475.0	497.0
Senior Secured Term Loan Facility (Facility B)	675.0	659.6	600.0	592.4
Senior Secured Multi-Currency Revolving Credit Facility (RCF)	0.0	-3.9	0.0	-4.8
Other borrowings	1.3	1.3	2.0	2.0
Total	**2,502.2**	**2,498.1**	**2,382.0**	**2,415.1**

Carrying amounts include accruals and valuation components.

The RCF was not utilized in terms of liquidity as of the reporting date.[8]

To finance the acquisition of the online pharmacy Disapo.de Apotheke B.V., a further credit facility in the amount of €75.0 million (Incremental Term Facility) was agreed and drawn down in the second quarter of the fiscal year 2022, increasing the Senior Secured Term Loan Facility (Facility B).

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. As of 30 June 2022, 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. As of 30 June 2022 the Douglas Group is fully compliant.

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 are closely interwoven.

[8] Available amount for borrowings is reduced by €10.7 million of outstanding rental guarantees.

Other Disclosures

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:

Vanessa Stützle, former Chief Digital Officer and member of the management board of Douglas GmbH left the company as planned in August 2022.

Day of preparation and authorization for issue

Management prepared and authorized for issue the Interim Consolidated Financial Statements on 22 August 2022.

Düsseldorf, 23 August 2022

Douglas GmbH
Management

Tina Müller   Mark Langer

Appendix

Kirk Beauty SUN GmbH – Interim Financials

Interim Statement of Profit or Loss

of Kirk Beauty SUN GmbH for the period from 1 October 2021 to 30 June 2022

		10/01/2021-06/30/2022 EUR m	10/01/2020-06/30/2021 EUR m
1.	Other operating expenses	-0.01	-0.01
2.	**EBITDA**	**-0.01**	-0.01
3.	**EBIT**	**-0.01**	-0.01
4.	Financial income	34.98	10.00
5.	Financial expenses	-33.90	-9.74
6.	**Financial result**	**1.08**	0.26
7.	**EBT**	**1.08**	0.26
8.	**Profit (+) or Loss (-) of the period (Net Income)**	**1.08**	0.25

Interim Statement of Financial Position

of Kirk Beauty SUN GmbH as of 30 June 2022

Assets		06/30/2022 EUR m	06/30/2021 EUR m
A.	Non-current assets		
	Financial assets	531.0	485.0
		531.0	485.0
B.	Current assets		
I.	Tax receivables	0.0	0.0
II.	Financial assets	0.0	0.0
		0.0	0.0
Total		531.0	485.0

Equity and Liabilities		06/30/2022 EUR m	06/30/2021 EUR m
A.	Equity		
I.	Capital stock*	0.0	0.0
II.	Retained earnings	0.4	0.3
III.	Profit (+) or Loss (-) of the period (Net Income)	1.1	0.0
		0.7	0.3
B.	Non-current liabilities	0.0	0.0
	Financial liabilities	497.2	484.7
		497.2	484.7
		0.0	0.0
C.	Current liabilities	0.0	0.0
I.	Current provisions	0.0	0.0
II.	Tax liabilities	1.0	0.0
III.	Financial liabilities	32.1	0.0
		33.1	0.0
		0.0	0.0
Total		531.0	485.0

* Capital stock amounts to €25,000.00