3M FY 2023/24
Interim Financial Report

Douglas AG (formerly Kirk Beauty A GmbH)
as of 31 December 2023

DOUGLAS

Content

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This Interim Financial Report does not purport to contain all information that may be required by any party to assess Douglas, its business, financial condition, results of operations and prospects for any purpose. This Interim Financial Report includes information Douglas has prepared based on publicly available information and sources believed to be reliable. The accuracy of such information (including all assumptions) has been relied upon by Douglas and has not been independently verified by Douglas. Any recipient should conduct its own independent investigation and assessment as to the validity of the information contained in this presentation, and the economic, financial, regulatory, legal, taxation and accounting implications of that information.

Disclosure Regarding Forward-Looking Statements

This Interim 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 Interim 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 2023, 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 Interim 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 2024 or any other period.

The results of operations, related cash flows and other information presented in this section "Management's Discussion and Analysis of Financial Condition and Results of Operations" refer to the reporting period of the first three months of the financial year 2023/24, i.e., from 1 October 2023 to 31 December 2023 (reporting period, first quarter 2023/24) ending 31 December 2023 (reporting date). The corresponding comparative reporting period of the previous financial year consists of the period of the first three months of the financial year 2022/23, i.e., from 1 October 2022 to 31 December 2022 (comparative period, first quarter 2022/23), ending 31 December 2022 (comparative reporting date).

All the financial data presented in the text and tables below were prepared in millions of Euros, (EUR 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 section not adding up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Company

As per the reporting date (31 December 2023), the parent of the Group was Kirk Beauty A GmbH, a German limited liability company (Gesellschaft mit beschränkter Haftung, GmbH), with its registered office in Düsseldorf, Germany.

By notarization dated 2 February 2024 and registration dated 19 February 2024, Kirk Beauty A GmbH was transformed into a stock corporation (Aktiengesellschaft, AG) by way of a change of legal form. The name of the stock corporation is Douglas AG (formerly Kirk Beauty A GmbH). Douglas AG is registered in commercial register B of the district court of Düsseldorf under registration number HRB 103560

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

Douglas Group (includes Douglas AG and its subsidiaries), with its commercial brands DOUGLAS, NOCIBÉ, Parfumdreams and Niche Beauty, is the number one omnichannel premium beauty destination in Europe. Douglas Group is inspiring customers to live their own kind of beauty by offering a unique assortment online and in around 1,850 stores as of 30 September 2023. With unparalleled size and access to customers, Douglas Group is the partner of choice for brands and offers a premium range of selective and exclusive brands as well as own corporate brands. The assortment includes fragrances, color cosmetics, skin care, hair care, accessories as well as beauty services. Strengthening its successful omnichannel positioning while consistently developing superior customer experience is at the heart of Douglas Group strategy "Let it Bloom – Douglas 2026". The winning business model is underpinned by the Group's omnichannel proposition, leading brands, and data capabilities. In the financial year 2022/23, Douglas Group generated sales (net) of 4.1 billion euros and employed around 18,000 people across Europe.

Result of Operations

The following table summarizes our financial performance for the first quarter 2023/24

	10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
Sales (net)	**1,555.5**	1,440.6
Cost of raw materials, consumables and supplies and merchandise	-861.9	-807.1
Gross Profit	**693.6**	633.5
Other operating income	98.3	98.8
Personnel expenses	-174.7	-164.4
Other operating expenses	-298.8	-271.6
EBITDA	**318.4**	296.3
Adjustments to EBITDA	**29.9**	13.1
Adjusted EBITDA	**348.3**	309.4
Amortization/depreciation/impairment	-87.3	-79.8
EBIT	**231.0**	216.5
Finance income	14.8	5.2
Finance expenses	-95.2	-74.3
Finance result	-80.3	-69.1
EBT	**150.7**	147.4
Income taxes	-25.5	-34.3
Profit (+) or Loss (-) of the period (Net Income)	**125.2**	113.2

Overview

As a leading European retail company in the beauty sector, Douglas leveraged its competitive strength, linked to its unique brands, exclusive products, excellent service and holistic customer focused omnichannel approach and achieved a very strong first quarter 2023/24 in terms of growth (sales (net)) which increased by 8.0 percent and profit (Adjusted EBITDA) which increased by 12.6 percent compared to the first quarter 2022/23 (comparative period).

The comparative period figures have been restated, therefore the figures might deviate from the Interim Financial Report of the first quarter 2022/23. *For further information please refer to the section "Interim Consolidated Financial Statements", chapter "Retrospective restatements of comparative information for the comparative period, the first quarter 2022/23".*

Analysis of the first quarter results 2023/24

Sales (net) increased by 8.0 percent from EUR 1,440.6 million to EUR 1,555.5 million during the first quarter 2023/24, compared to the first quarter 2022/23 (comparative period).

Adjusted EBITDA increased by EUR 38.9 million or 12.6 percent to EUR 348.3 million compared to the comparative period.

Sales (net) by segment

Sales (net) in our five reportable segments – **DACHNL**, **France**, **Southern Europe, Central Eastern Europe** and **Parfumdreams/Niche Beauty** - developed as follows in the first quarter 2023/24, compared to the first quarter 2022/23.

Sales (net) in **DACHNL** increased by EUR 49.5 million or 7.8 percent to EUR 688.0 million. Sales (net) increase driven by growth in Store business, E-Com Sales (net) increased by 11.6 percent.

In **France** sales (net) increased by EUR 10.2 million or 3.1 percent to EUR 335.3 million, driven by the store business, while the E-Com business increased by 4.2 percent.

In the first quarter 2023/24 sales (net) **in Southern Europe,** increased by EUR 12.0 million or 5.4 percent to EUR 234.2 million. This increase in sales was achieved through Store Sales (net) whereas the E-Com Sales (net) decreased by 7.5%.

Driven by a strong Store business (increase by 17.7 percent) and E-Com business (increase by 20.2 percent), sales (net) in **Central Eastern Europe** increased by EUR 34.8 million or 18.3 percent to EUR 225.6 million once again reflecting the growth potential of this region.

Parfumdreams/Niche Beauty has achieved sales (net) of EUR 63.2 million, an increase of EUR 13.0 million or 26.0 percent compared to the first quarter 2022/23.

Cost of raw materials, consumables, supplies and merchandise

The cost of raw materials, consumables, supplies and merchandise increased by EUR 54.8 million or 6.8 percent in the first quarter 2023/24 and thus at a lower rate than our sales (net) development.

Gross Profit

Our gross profit rose from EUR 633.5 million to EUR 693.6 million and we managed to achieve a gross margin of 44.6 percent compared to 44.0 percent in the comparative period.

Other operating income

In the first quarter 2023/24, other operating income accounted for EUR 98.3 million compared to EUR 98.8 million in the first quarter 2022/23

Personnel expenses

In the first quarter 2023/24, personnel expenses amounted to EUR 174.7 million compared to EUR 164.4 million in the comparative period. As a percentage of sales (net), the personnel expenses accounted for 11.2 percent slightly below the level of 11.4 percent in the first quarter 2022/23.

Other operating expenses

In the three months of the financial year 2023/24, other operating expenses increased by EUR 27.2 million to EUR 298.8 million. As a percentage of sales (net), other operating expenses accounted for 19.2 percent slightly above the level of 18.9 percent in the comparative period.

EBITDA and Adjusted EBITDA

EBITDA increased by EUR 22.1 million to EUR 318.4 million during the first quarter 2023/24, specifically due to higher gross profit and the consistent cost control.

Adjusted EBITDA increased by EUR 38.9 million or 12.6 percent to EUR 348.3 million during the first quarter 2023/24 from EUR 309.4 million in the comparative period. As a percentage of sales (net), Adjusted EBITDA margin increased by 0.9 percentage points to 22.4 percent.

Total adjustments on EBITDA amounted to EUR 29.9 million during the first quarter 2023/24 compared to EUR 13.1 million in the comparative period.

Adjusted EBITDA by segment

Adjusted EBITDA in our five reportable segments – **DACHNL, France**, **Southern Europe**, **Central Eastern Europe** and **Parfumdreams/ Niche Beauty** – developed as follows:

Adjusted EBITDA in **DACHNL**, increased by EUR 2.4 million to EUR 155.5 million during the first quarter 2023/24, from EUR 153.1 million in the comparative period. Adjustments on EBITDA of the DACHNL region totaled EUR 1.8 million in the first quarter 2023/24 versus EUR 8.1 million in the comparative period.

Adjusted EBITDA in **France** increased by EUR 0.4 million to EUR 83.5 million during the first quarter ending 31 December 2023, from EUR 83.1 million in the comparative period. Adjustments on EBITDA of the French region accounted for EUR 0.1 million in the first quarter 2023/24.

Adjusted EBITDA in **Southern Europe** increased by EUR 9.7 million to EUR 66.1 million in the first quarter 2023/24, from EUR 56,3 million during the first quarter ending 31 December 2022. Minor and offsetting adjustments in the Southern region add up to minus EUR 1.8 million during the three months ending 31 December 2023.

During the first quarter 2023/24, adjusted EBITDA in **Central Eastern Europe** increased by EUR 11.8 million, from EUR 57.8 million to EUR 69.7 million. No adjustments were recorded tin the first quarter 2023/24.

Adjusted EBITDA for **Parfumdreams/Niche Beauty** increased by EUR 2.1 million to EUR 6.8 million during the three months ending 31 December 2023, from EUR 4.7 million during the three months ending 31 December 2022. In the Parfumdreams/Niche Beauty, only very minor adjustments were recorded tin the three months of the fiscal year 2023/24.

EBIT

In the first quarter 2023/24, EBIT increased by EUR 14.5 million to EUR 231.0 million from EUR 216.5 million in the first quarter 2022/23.

Financial result

The financial result for the first quarter 2023/24 amounted to minus EUR 80.3 million, compared to minus EUR 69.1 million in the comparative period. The decline pf EUR 11.3 million is mainly related to the increase in market interest rates and the reassessment of a provision relating to a legal dispute about the compensation for former minority shareholders from the squeeze out in 2013. In addition, the measurement of derivative financial instruments at fair value led to finance expenses of EUR 5.0 million in the reporting period compared to finance income of EUR 1.4 million in the comparative period.

Income taxes

Expenses from income taxes decreased by EUR 8.7 million to EUR 25.5 million in the first quarter 2023/24 from EUR 34.3 million in comparative period. This decrease is mainly due to special tax effects (minimum taxation and interest barrier) in Germany in the calculation of income taxes for the first quarter of 2023/24 and the provision for tax audit risks in France as at the comparative reporting date, which led to lower income taxes overall despite the increase in EBT

Profit or Loss

The profit in the first quarter of the fiscal year ending 31 December 2023 amounted to EUR 125.2 million, compared to EUR 113.2 million in the first quarter 2022/23.

Segment Reporting

Reportable and operating segments

The reportable segments are categorized on the basis of their organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker.

In the first quarter 2023/24 the key financial performance indicator Adjusted Sales (net) was changed to sales (net) in accordance with a change in the internal reporting to the CODM (Chief Operating Decision Maker). The key financial performance indicators used by the CODM to evaluate the segments and manage the allocation of resources are growth (measured by sales (net)) and profitability (unchanged, measured by Adjusted EBITDA).

Reference is made to Note 31 "Segment Reporting" to the Consolidated Financial Statements as of and for the financial year ending 30 September 2023.

In financial year 2022/23, Douglas-Group was structured into the following segments.

The operating segments are as follows:

- DACH (Germany, Austria and Switzerland)
- BENE (Netherlands and Belgium)
- France (incl. Monaco)
- Southern Europe (Italy, Spain (incl. Andorra), Portugal, Croatia and Slovenia)
- Central-Eastern Europe (Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Latvia, Lithuania and Estonia)
- Parfumdreams / Niche Beauty
- Disapo

The reportable segments are as follows:

- DACHNL (consisting of DACH and BENE)
- France
- Southern Europe
- Central-Eastern-Europe
- Parfumdreams / Niche Beauty

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

Sales (net)

The following table shows the Sales (net) of our reportable segments for the periods indicated:

	10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
Douglas Group	1,555.5	1,440.6
Reportable Segment		
DACHNL	688.0	638.5
France	335.3	325.1
Southern Europe	234.2	222.2
Central Eastern Europe	225.6	190.8
Parfumdreams / Niche Beauty	63.2	50.1

EBITDA and Adjusted EBITDA

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

		10/01/2023-12/31/2023	10/01/2022-12/31/2022
Douglas Group			
EBITDA	EUR m	318.4	296.3
EBITDA-margin	%	20.5	20.6
Adjustments	EUR m	29.9	13.1
Adjusted EBITDA	EUR m	348.3	309.4
Adjusted EBITDA-margin	%	22.4	21.5
Segments			
DACHNL			
EBITDA	EUR m	153.7	145.0
EBITDA-margin	%	22.3	22.7
Adjustments	EUR m	1.8	8.1
Adjusted EBITDA	EUR m	155.5	153.1
Adjusted EBITDA-margin	%	22.6	24.0
France			
EBITDA	EUR m	83.4	82.8
EBITDA-margin	%	24.9	25.5
Adjustments	EUR m	0.1	0.3
Adjusted EBITDA	EUR m	83.5	83.1
Adjusted EBITDA-margin	%	24.9	25.6
Southern Europe			
EBITDA	EUR m	67.8	56.3
EBITDA-margin	%	29.0	25.3
Adjustments	EUR m	-1.8	0.0
Adjusted EBITDA	EUR m	66.1	56.3
Adjusted EBITDA-margin	%	28.2	25.3
Central Eastern Europe			
EBITDA	EUR m	69.7	57.8
EBITDA-margin	%	30.9	30.3
Adjustments	EUR m	0.0	0.0
Adjusted EBITDA	EUR m	69.7	57.8
Adjusted EBITDA-margin	%	30.9	30.3
Parfumdreams / Niche Beauty			
EBITDA	EUR m	6.8	4.7
EBITDA-margin	%	10.7	9.4
Adjustments	EUR m	0.0	0.0
Adjusted EBITDA	EUR m	6.8	4.7
Adjusted EBITDA-margin	%	10.8	9.4

Reconciliation from Adjusted EBITDA to EBITDA

	10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
Adjusted EBITDA of the Reportable Segments	**381.6**	355.1
Adjusted EBITDA of the reconciliation to the Group	-33.3	-45.8
Consolidation and foreign exchange effects	0.1	0.1
Adjusted EBITDA	**348.3**	309.4
Purchase Price Allocations (PPA)	-0.1	-0.1
Restructuring costs (staff-related) and severance payments	-0.6	2.2
Consulting fees	7.8	1.2
Other adjustments	25.6	8.9
Store Optimization Program (SOP)	-2.7	1.0
Adjustments on EBITDA	**29.9**	13.1
EBITDA	318.4	296.3

Liquidity and Capital Resources

Overview

The main sources of liquidity on an ongoing basis are the operating cash flows and a liquidity reserve amounting to EUR 552.9 million, as well as our undrawn Revolving Credit Facility of EUR 170.0 million as of 31 December 2023.[1]

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 first three months ending 31 December 2023, 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.

Please refer to the section "Interim Consolidated Financial Statements", chapter "*Going concern assumption as the basis for accounting*".

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 and receivables from payment service providers, (iii) trade accounts payable including payables in connection with investments 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:

	12/31/2023 EUR m	12/31/2022 EUR m
Inventories	794.7	734.3
Trade accounts receivable and receivables from payment service providers	116.6	91.5
Trade accounts payable	-853.5	-831.6
Miscellaneous	91.3	71.5
Net Working Capital	**149.1**	65.6

Net Working Capital increased by EUR 83.5 million to EUR 149.1 million as of 31 December 2023 compared to EUR 65.6 million as of 31 December 2022. This increase is mainly a result of higher inventories, but also

[1] Available amount for borrowings is reduced by EUR 9.0 million of outstanding collateral, in the form of rental guarantees.

trade accounts receivable and receivables from payment service providers and miscellaneous led to this increase.

Investments in non-current assets

The investments made during the three months of the fiscal year ending 31 December 2023 mainly related to store refurbishments and openings in our store business, as well as IT and software investments related to our E-Com 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 which amounted to EUR 95.8 million in the first quarter of 2023/24.

In the first quarter of 2023/24, our cash-investment (net cash flow from investing activities) in non-current assets amounted to EUR 26.3 million versus EUR 28.5 million in the prior-year period.

Investments in property plant and equipment and intangible assets (CAPEX) consisted of EUR 18.7 million additions during the three months of the financial year 2023/24 compared to the prior-year investments accounting for EUR 14.8 million.

Consolidated Cash Flow Data[2]

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

		10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
	EBITDA	318.4	296.3
+/-	Increase/decrease in provisions	15.0	-12.0
+/-	Other non-cash expense/income	2.5	-0.6
+/-	Loss/profit on the disposal of non-current assets	0.0	-0.1
+/-	Changes in net working capital without liabilities from investments in non-current assets	64.4	64.9
+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	96.8	90.8
-/+	Paid/reimbursed taxes	-12.1	-8.9
=	**Net cash flow from operating activities**	**485.0**	430.4
+	Proceeds from the disposal of non-current assets	0.8	0.3
-	Payments for investments in non-current assets	-26.3	-28.5
=	**Net cash flow from investing activities**	**-25.6**	-28.1
	Free Cash Flow (sum of net cash flows from operating and investing activities)	**459.4**	402.3
-	Payments for the redemption of financial loans and bonds	-0.2	-3.2
-	Payments for the redemption of lease liabilities	-60.9	-57.1
+	Proceeds from the issuance of financial loans and bonds	0.1	0.0
-	Interest paid	-111.6	-72.0
+	Interest received	0.7	0.0
=	**Net cash flow from financing activities**	**-171.9**	-132.2
	Net change in cash	287.5	270.1
+/-	Net change in cash due to currency translation	3.0	1.3
+	Cash at the beginning of the reporting period	262.3	245.3
=	**Cash at the end of the reporting period**	**552.9**	516.7

[2] For management purposes, the comparative period was presented without the correction of the reclassification of investments in money market instruments, hence these investments of EUR 210.2 million were recognized and presented as cash (equivalents). *Please refer to the section "Interim Consolidated Financial Statements", chapter "Retrospective restatement of comparative information for the comparative period, the first quarter* 2023/24".

Cash Flow from operating activities

Cash provided by **operating activities** increased by EUR 54.6 million to EUR 485.0 million in the first quarter 2023/24, from EUR 430.4 million during the first quarter 2022/23. This increase was in particular the result of EUR 22.1 million higher EBITDA as well as higher provisions which increased by EUR 22.1 million.

Cash Flow from investing activities

Cash used for **investing activities** (cash outflows) accounted for EUR 25.6 million during the first quarter 2023/24, compared to EUR 28.1 million in the first quarter 2022/23.

Cash Flow from financing activities

During the first quarter 2023/24, cash used for **financing activities** (cash outflows) amounted to EUR 171.9 million, compared to EUR 132.2 million during the comparative period. The increase was mainly due to the interest payment for the Senior PIK Notes, which was made for the first time in the first quarter of 2023/24.

Liquidity and net debt as of 31 December 2023 and 30 September 2022

As of 31 December 2023, the cash balance amounted to EUR 552.9 million compared to EUR 516.7 million as of 31 December 2022.[3]

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), other borrowings as well as financial liabilities in the meaning of IFRS 16 as follows:

	12/31/2023 Carrying amount EUR m	12/31/2022 Carrying amount EUR m
Senior Secured Notes	1,313.8	1,310.8
Senior PIK Notes	578.5	554.9
Term Loan B	669.2	665.6
RCF	-2.1	-3.3
Other borrowings	1.1	1.2
Finance liabilities (total from notes and bank liabilities)	**2,560.5**	2,529.2
Lease liabilities within the meaning of IFRS 16	1,054.0	1,093.1
Total	**3,614.5**	3,622.4
Cash	552.9	516.7
Net debt	**3,061.7**	3,105.7

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

[3] For management purposes, the comparative period was presented without the correction of the reclassification of investments in money market instruments, so that these investments in the amount of EUR 210.2 million are recognized and presented as cash (equivalents).

[4] Available amount for borrowings is reduced by EUR 9.0 million of outstanding collateral, mostly in the form of rental guarantees.

Interim Consolidated Financial Statements

of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2023 to 31 December 2023

The interim consolidated financial statements have been prepared in millions of Euros (EUR 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[5]

of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2023 to 31 December 2023

	10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
Sales (net)	**1,555.5**	1,440.6
Cost of raw materials, consumables and supplies and merchandise	-861.9	-807.1
Gross Profit	**693.6**	633.5
Other operating income	98.3	98.8
Personnel expenses	-174.7	-164.4
Other operating expenses	-298.8	-271.6
EBITDA	**318.4**	296.3
Amortization/depreciation/impairment	-87.3	-79.8
EBIT	**231.0**	216.5
Finance income	14.8	5.2
Finance expenses	-95.2	-74.3
Finance result	-80.3	-69.1
EBT	**150.7**	147.4
Income taxes	-25.5	-34.3
Profit (+) or Loss (-) of the period (Net Income)	**125.2**	113.2
Attributable to owners of the parent	125.2	113.2

Earnings per share (basic = diluted) amounted to EUR 1.7 in the first quarter 2023/24 (comparative period: EUR 1.5). The calculation is based on the composition of the capital stock of Douglas AG at the time of authorization for issue. For further information, please refer to chapter “general principles”.

[5] Restated comparative information; please refer to the chapter “Retrospective restatement of comparative information for the comparative period, the first quarter 2022/23”.

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income[6]

of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2023 to 31 December 2023

	10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
Profit (+) or Loss (-) of the period (Net Income)	125.2	113.2
Other comprehensive income after tax		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences arising from the translation of financial statements from foreign operations	9.5	3.8
Items that are not reclassified to profit or loss		
Other comprehensive income after tax	9.5	3.8
Total comprehensive income	134.7	117.0
Attributable to owners of the parent	134.7	117.0

[6] Restated comparative information; please refer to the chapter "Retrospective restatement of comparative information for the comparative period, the first quarter 2022/23".

Interim Consolidated Statement of Financial Position

of Douglas AG (formerly Kirk Beauty A GmbH) as of 31 December 2023 and as of 30 September 2023

Assets

	12/31/2023 EUR m	09/30/2023 EUR m
Non-current assets		
Goodwill	1,032.2	1,028.4
Other intangible assets	822.7	823.7
Property, plant and equipment	222.3	223.4
Right-of-use assets from leases	976.3	1,003.4
Other financial assets	42.8	42.5
Deferred tax assets	9.3	9.9
	3,105.5	**3,131.1**
Current assets		
Inventories	794.7	762.6
Trade accounts receivable	75.2	36.9
Tax receivables	39.3	26.6
Other financial assets	358.0	216.4
Other assets	66.7	60.6
Cash	552.9	262.3
	1,886.8	**1,365.3**
Total	**4,992.3**	**4,496.4**

Equity and Liabilities

	12/31/2023 EUR m	09/30/2023 EUR m
Equity		
Capital stock*	0.0	0.0
Additional paid-in capital	326.0	326.0
Other reserves	-1,440.9	-1,581.3
	-1,114.9	**-1,255.2**
Non-current liabilities		
Pension provisions	26.8	27.0
Other non-current provisions	51.4	51.4
Other financial liabilities	4,085.6	4,111.5
Other liabilities	4.1	4.1
Deferred tax liabilities	173.3	177.4
	4,341.2	**4,371.4**
Current liabilities		
Current provisions	104.1	89.0
Trade accounts payable	853.5	617.6
Tax liabilities	190.7	77.4
Other financial liabilities	274.8	304.4
Other liabilities	342.8	292.0
	1,766.0	**1,380.3**
Total	**4,992.3**	**4,496.4**

* As of the reporting date and unchanged to the comparative reporting date, capital stock amounted to EUR 48,785.00, divided into 27,500 Class A shares and 21,285 Class B shares, each with a nominal value of EUR 1.00.

Interim Statement of Changes in Group Equity[7]

of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2023 to 31 December 2023

	Capital stock* EUR m	Additional paid-in capital EUR m	Other reserves Retained earnings EUR m	Actuarial gains or losses EUR m	Differences from currency translation EUR m	Equity attributable to owners of the parent EUR m
10/01/2023	**0.0**	**326.0**	**-1,575.4**	**3.2**	**-9.2**	**-1,255.3**
Currency translation					9.5	9.5
Other comprehensive income after tax					**9.5**	**9.5**
Profit (+) or Loss (-) of the period (Net Income)			125.2			125.2
Total comprehensive income			**125.2**		**9.5**	**134.7**
Share-based Payment			5.6			5.6
Transactions with shareholders			**5.6**		**0.0**	**5.6**
12/31/2023	**0.0**	**326.0**	**-1,444.6**	**3.2**	**0.4**	**-1,114.9**

	Capital stock* EUR m	Additional paid-in capital EUR m	Other reserves Retained earnings EUR m	Actuarial gains or losses EUR m	Differences from currency translation EUR m	Equity attributable to owners of the parent EUR m
10/01/2022	0.0	326.0	-1,608.0	2.8	-14.9	-1,294.0
Currency translation			0.0		3.8	3.8
Other comprehensive income after tax			0.0	0.0	3.8	3.8
Profit (+) or Loss (-) of the period (Net Income)			113.2			113.2
Total comprehensive income			113.2	0.0	3.8	117.0
Share-based Payment			1.3			1.3
Transactions with shareholders			1.3			1.3
12/31/2022	0.0	326.0	-1,493.4	2.8	-11.0	-1,175.6

[7] Restated comparative information; please refer to the chapter "Retrospective restatement of comparative information for the comparative period, the first quarter 2022/23".

Interim Consolidated Statement of Cash Flows[8]

of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2023 to 31 December 2023

		10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
	Profit (+) or Loss (-) of the period (Net Income)	125.2	113.2
+	Income taxes	25.5	34.3
+	Finance result	80.3	69.1
+	Amortization/depreciation/impairment	87.3	79.8
=	EBITDA	318.4	296.3
+/-	Increase/decrease in provisions	15.0	-12.0
+/-	Other non-cash expense/income	2.5	-0.6
+/-	Loss/profit on the disposal of non-current assets	0.0	-0.1
+/-	Changes in net working capital without liabilities from investments in non-current assets	64.4	64.9
+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	96.8	90.8
-/+	Paid/reimbursed taxes	-12.1	-8.9
=	**Net cash flow from operating activities**	**485.0**	430.4
+	Proceeds from the disposal of non-current assets	0.8	0.3
-	Payments for investments in non-current assets	-26.3	-28.5
-	Payments for investments in current other financial assets	0.0	-210.2
=	**Net cash flow from investing activities**	**-25.6**	-238.4
	Free Cash Flow (sum of net cash flows from operating and investing activities)	**459.4**	192.0
-	Payments for the redemption of financial loans and bonds	-0.2	-3.2
-	Payments for the redemption of lease liabilities	-60.9	-57.1
+	Proceeds from the issuance of financial loans and bonds	0.1	0.0
-	Interest paid	-111.6	-72.0
+	Interest received	0.7	0.0
=	**Net cash flow from financing activities**	**-171.9**	-132.2
	Net change in cash	287.5	59.8
+/-	Net change in cash due to currency translation	3.0	1.3
+	Cash at the beginning of the reporting period	262.3	245.3
=	**Cash at the end of the reporting period**	**552.9**	306.4

[8] Restated comparative information; please refer to the chapter "Retrospective restatement of comparative information for the comparative period, the first quarter 2022/23".

Notes to the interim consolidated financial statements

of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2023 to 31 December 2023

Segment Reporting

		DACHNL 10/01/2023-12/31/2023	10/01/2022-12/31/2022	France 10/01/2023-12/31/2023	10/01/2022-12/31/2022
Sales (net)	EUR m	688.0	638.5	335.3	325.1
Intersegment sales	EUR m	7.7	0.6	0.2	0.4
External sales	EUR m	680.3	637.9	335.0	324.7
EBITDA	EUR m	153.7	145.0	83.4	82.8
EBITDA-margin	%	22.3	22.7	24.9	25.5
Adjustments on EBITDA	EUR m	1.8	8.1	0.1	0.3
Adjusted EBITDA	EUR m	155.5	153.1	83.5	83.1
Adjusted EBITDA-margin	%	22.6	24.0	24.9	25.6
Inventories	EUR m	325.6	305.0	136.3	115.3
Capital expenditure	EUR m	6.8	3.0	2.8	2.3

		Southern Europe 10/01/2023-12/31/2023	10/01/2022-12/31/2022	Central Eastern Europe 10/01/2023-12/31/2023	10/01/2022-12/31/2022
Sales (net)	EUR m	234.2	222.2	225.6	190.8
Intersegment sales	EUR m	0.1	0.1	0.2	0.2
External sales	EUR m	234.1	222.1	225.4	190.6
EBITDA	EUR m	67.8	56.3	69.7	57.8
EBITDA-margin	%	29.0	25.3	30.9	30.3
Adjustments on EBITDA	EUR m	-1.8	0.0	0.0	0.0
Adjusted EBITDA	EUR m	66.1	56.3	69.7	57.8
Adjusted EBITDA-margin	%	28.2	25.3	30.9	30.3
Inventories	EUR m	171.6	167.1	132.4	109.6
Capital expenditure	EUR m	1.9	1.1	3.5	1.5

		Parfumdreams / Niche Beauty 10/01/2023-12/31/2023	10/01/2022-12/31/2022	Total Reportable Segments 10/01/2023-12/31/2023	10/01/2022-12/31/2022
Sales (net)	EUR m	63.2	50.1	1,546.3	1,426.7
Intersegment sales	EUR m	0.0	0.0	8.2	1.3
External sales	EUR m	63.2	50.1	1,538.1	1,425.4
EBITDA	EUR m	6.8	4.7	381.4	346.6
EBITDA-margin	%	10.7	9.4	24.7	24.3
Adjustments on EBITDA	EUR m	0.0	0.0	0.2	8.4
Adjusted EBITDA	EUR m	6.8	4.7	381.6	355.1
Adjusted EBITDA-margin	%	10.8	9.4	24.7	24.9
Inventories	EUR m	29.2	31.5	795.0	728.4
Capital expenditure	EUR m	0.6	0.4	15.5	8.3

		Reconciliation to Group		Douglas Group	
		10/01/2023-12/31/2023	10/01/2022-12/31/2022	10/01/2023-12/31/2023	10/01/2022-12/31/2022
Sales (net)	EUR m	9.2	13.8	1,555.5	1,440.6
Intersegment sales	EUR m	-8.2	-1.3	0.0	0.0
External sales	EUR m	17.4	15.2	1,555.5	1,440.6
EBITDA	EUR m	-63.0	-50.3	318.4	296.3
EBITDA-margin	%		-	20.5	20.6
Adjustments on EBITDA	EUR m	29.7	4.7	29.9	13.1
Adjusted EBITDA	EUR m	-33.3	-45.7	348.3	309.4
Adjusted EBITDA-margin	%			22.4	21.5
Inventories	EUR m	-0.2	5.9	794.7	734.3
Capital expenditure	EUR m	3.1	6.6	18.7	14.8

Accounting Principles, Fundamentals and Methodologies

General principles

As per the reporting date of these interim consolidated financial statements (31 December 2023), the parent of the Group was Kirk Beauty A GmbH, a German limited liability company (Gesellschaft mit beschränkter Haftung, GmbH), with its registered office in Düsseldorf, Germany.

By notarization dated 2 February 2024 and registration dated 19 February 2024, Kirk Beauty A GmbH was transformed into a stock corporation (Aktiengesellschaft, AG) by way of a change of legal form with universal succession in accordance with the German Transformation Act (Umwandlungsgesetz, UmwG) in particular Sec. 190 et seq. in conjunction with Sec. 226 et seq., 238 et seq. UmwG. The name of the stock corporation is Douglas AG (formerly Kirk Beauty A GmbH) with its registered office in Düsseldorf, Germany, which is registered in commercial register B of the district court of Düsseldorf under the registration number HRB 103560.

At the date of authorization for issue the share capital amounted to EUR 75,000,000.00 divided into 75,000,000 bearer shares with no par value (Stückaktien), each representing a pro rata amount of the share capital of EUR 1.00. For further information please refer to the section "events after the interim reporting date". For the first quarter 2023/24 and also for the comparative period the calculation of earnings per share (EPS) in accordance with IAS 33 was based on the composition of the capital stock of Douglas AG (75,000,000 bearer shares with no par value bearing the same rights) at the time of authorization for issue. Earnings per share may deviate significantly from the results presented in the future, for example due to equity measures taken by the parent company.

These interim consolidated financial statements of Douglas AG (formerly Kirk Beauty A GmbH) and its subsidiaries (Douglas Group, Group) comprise the reporting period of the first three months of the financial year 2023/24 from 1 October 2023 to 31 December 2023 (reporting period, first quarter 2023/24) ending 31 December 2023 (reporting date). The corresponding comparative reporting period of the previous financial year consists of the period of the first three months of the financial year 2022/23 from 1 October 2022 to 31 December 2022 (comparative period, first quarter 2022/23), ending 31 December 2022 (comparative reporting date).

Basis of Accounting

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 2023.

They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS (International Financial Reporting Standards). However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The interim consolidated financial statements were prepared in euros (EUR, €). All figures are presented in millions of euros (EUR million, EUR m) unless otherwise stated.

Day of preparation and authorization for issue

Management prepared and authorized for issue the interim consolidated financial statements on 7 March 2024.

Going concern assumption as the basis for accounting

The interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities.

With regard to our going concern assessment we refer to our annual consolidated financial statements for the financial year ending 30 September 2023, note 2 "Basis of accounting".

Retrospective restatements of comparative information for the comparative period, the first quarter 2022/23

The Group has identified and corrected the following errors in the first quarter 2022/23:

Inventories were overstated by EUR 3.2 million and related cost of raw materials, consumables and supplies and merchandise were understated in this amount. Corrections were made and deferred tax assets were considered and recognized accordingly.

Receivables from suppliers were understated by EUR 1.3 million and related "Cost of raw materials, consumables and supplies and merchandise" were overstated by EUR 1.0 million and inventories were overstated by EUR 0.3 million. Corrections were made and deferred tax assets were considered and recognized accordingly.

Marketing income from suppliers was deferred as liabilities and hence not recognized as income in profit or loss in the amount of EUR 3.5 million although the service had already been provided by Douglas. Accordingly, other liabilities were overstated and related other operating income was understated in this amount. Corrections were made and deferred tax liabilities were considered and recognized accordingly. The reconsideration of the results from tax audits resulted in understated tax liabilities and related understated income tax expenses by EUR 8.9 million. In addition, tax liabilities and income tax expenses were understated by EUR 5.5 million. Corrections were made accordingly.

As of 31 December 2022, investments in money market instruments were previously reported as cash equivalents in the amount of EUR 210.2 million in the interim consolidated statement of financial position. A reassessment led to a reclassification of these instruments as current other financial assets which resulted in a reduction of cash as of 31 December 2022 in the interim consolidated statement of financial position by this amount. Accordingly in the interim consolidated statement of cash flows, the net cash flow from investing activities for the comparative period from 1 October 2022 to 31 December 2022 was reduced by this amount, as the payments for the acquisition of the money market instruments were presented as "payments for investments in other current financial assets", which resulted in a reduction of cash in the same amount by EUR 210.2 million as of 31 December 2022.

All errors were corrected by restating the comparative amounts for the prior period presented in which the error occurred. The error corrections described had no effect on annual consolidated financial statements as at and for the financial year ending September 30, 2023.

Restatement effects on Interim Consolidated Statement of Profit or Loss
of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2022 through 31 December 2022

	As previously reported EUR m	Restatements EUR m	Restated EUR m
Cost of raw materials, consumables and supplies and merchandise	-804.9	-2.2	-807.1
Gross Profit	635.7	-2.2	633.5
Other operating income	95.3	3.5	98.8
EBITDA	295.0	1.3	296.3
EBIT	215.2	1.3	216.5
EBT	146.1	1.3	147.4
Income taxes	-19.5	-14.8	-34.3
Profit (+) or Loss (-) of the period (Net Income)	126.7	-13.5	113.2
Attributable to owners of the parent	126.7	-13.5	113.2

Restatement effects on Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income
of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2022 through 31 December 2022

	As previously reported EUR m	Restatements EUR m	Restated EUR m
Profit (+) or Loss (-) of the period (Net Income)	126.7	-13.5	113.2
Total comprehensive income	130.5	-13.5	117.0
Attributable to owners of the parent	130.5	-13.5	117.0

Restatement effects on Interim Consolidated Statement of Financial Position of Douglas AG (formerly Kirk Beauty A GmbH) as of 31 December 2022

		As previously reported EUR m	Restatements EUR m	Restated EUR m
B.	**Current assets**			
I.	Inventories	737.8	-3.5	734.3
IV.	Other financial assets	323.4	211.5	534.9
VI.	Cash	516.7	-210.2	306.4
		1,730.6	**-2.2**	**1,728.4**
	Total	**4,827.2**	**-2.2**	**4,825.0**

		As previously reported EUR m	Restatements EUR m	Restated EUR m
A.	**Equity**			
IV.	Other reserves	-1,488.2	-13.5	-1,501.6
		-1,162.2	**-13.5**	**-1,175.6**
B.	**Non-current liabilities**			
V.	Deferred tax liabilities	178.4	0.4	178.8
		4,310.8	**0.4**	**4,311.2**
C.	**Current liabilities**			
III.	Tax liabilities	169.1	14.3	183.5
V.	Other liabilities	308.8	-3.5	305.3
		1,678.6	**10.8**	**1,689.4**
	Total	**4,827.2**	**-2.2**	**4,825.0**

Restatement effects on interim Consolidated Statement of Cash Flows
of Douglas AG (formerly Kirk Beauty A GmbH) for the period from 1 October 2022 through 31 December 2022

		As previously reported EUR m	Restatements EUR m	Restated EUR m
	Profit (+) or Loss (-) of the period (Net Income)	126.7	-13.5	113.2
+	Income taxes	19.5	14.8	34.3
=	EBITDA	295.0	1.3	296.3
+/-	Changes in net working capital without liabilities from investments in non-current assets	62.7	2.2	64.9
+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	94.3	-3.5	90.8
=	**Net cash flow from operating activities**	430.4	0.0	430.4
-	Payments for investments in current other financial assets	0.0	-210.2	-210.2
=	**Net cash flow from investing activities**	-28.1	-210.2	-238.4
	Free Cash Flow (sum of net cash flows from operating and investing activities)	402.3	-210.2	192.0
=	**Net cash flow from financing activities**	-132.2	0.0	-132.2
	Net change in cash	270.0	-210.2	59.8
=	**Cash at the end of the reporting period**	516.7	-210.2	306.4

New or changed standards and interpretations

None of the new standards not yet applied by Douglas Group has a material impact on the presentation of this interim consolidated financial statements.

Reference is made to the overview summary of newly implemented or revised IASB accounting standards and interpretations in Note 2 "Basis of Accounting" to Douglas Group's annual consolidated financial statements as of and for the financial year ending 30 September 2023.

Consolidation principles

Group of consolidated companies

	Germany	Other countries	Total
12/31/2023	19	31	50

Compared to 30 September 2023, the composition of consolidated entities is unchanged.

Accounting and valuation principles

The accounting and valuation principles for the reporting period are consistent with those applied to Douglas Group's annual consolidated financial statements as of and for the financial year ending 30 September 2023. In addition the following aspects were considered:

Income Taxes

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 reporting 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 annual consolidated financial statements.

Seasonal or cyclical issues

Comprising the Christmas season and further important shopping events like Black Friday or Singles' Day, the first quarter of Douglas Group's financial year is – measured in terms of Sales (net) and Adjusted EBITDA – the most important quarter which is typical for a retailer in the consumer sector.

Transaction costs related to the issuance of new equity instruments

Douglas Group intends to issue new equity instruments. Transaction costs incurred prior to the planned equity measure were treated as follows:

Transaction costs that are directly attributable to the potential new equity instruments were presented as prepaid expenses (asset) in the interim consolidated statement of financial position, which will be transferred to equity if and when the equity instruments will be issued.

As of 31 December 2023, EUR 1.2 million (30 September 2023: EUR 0.0 million) were recognized as prepaid expenses.

Reassessment of a provision for legal disputes related to a squeeze out of former minority shareholders

Douglas Service GmbH (formerly Douglas GmbH) is subject to a legal dispute about the compensation for former minority shareholders from the squeeze out in 2013. Douglas Group measured the respective provision as of 30 September 2023 at an amount of EUR 14.1 million based on the expected outflow of resources to settle the claims of the plaintiffs. During the preparation of the interim consolidated financial statements for the first quarter 2023/24, the provision was reassessed based on an independent appraisal which was initiated by the court. Douglas assesses the new information as an adjusting event after the balance sheet date. As a result, EUR 21.7 million (thereof 6.7 EUR million interest expense) were added to provisions, resulting in a provision of EUR 35.8 million as of 31 December 2023. The related other operating expense of EUR 15.0 million is presented in core management and administrative functions and therefore included in EBITDA in the reconciliation column in the segment reporting. There is no impact on Adjusted EBITDA.

The estimated outflow of resources is uncertain in its nature and its measurement requires judgement. The actual outflow of resources after settlement of the litigation may significantly deviate from the assessment made as of 31 December 2023. There is also uncertainty in the timing of the outflows.

Segment Reporting

Changes compared to the annual consolidated financial statements ending 30 September 2023

In the first quarter 2023/24 the key financial performance indicator Adjusted Sales (net) was changed to sales (net) in accordance with a change in the internal reporting to the CODM (Chief Operating Decision Maker). The key financial performance indicators used by the CODM to evaluate the segments and manage the allocation of resources are growth (measured by sales (net)) and profitability (unchanged, measured by Adjusted EBITDA).

Reference is made to Note 31 "Segment Reporting" to the consolidated financial statements as of 30 September 2023.

Sales (net) by reportable segments

The following tables contain a breakdown of sales by channel:

		DACHNL		France	
		10/01/2023-12/31/2023	10/01/2022-12/31/2022	10/01/2023-12/31/2023	10/01/2022-12/31/2022
Store Sales (net)	EUR m	405.7	385.6	256.3	249.3
E-Com Sales (net)	EUR m	282.3	252.9	79.0	75.8
Total	**EUR m**	**688.0**	638.5	**335.3**	325.1

		Southern Europe		Central Eastern Europe	
		10/01/2023-12/31/2023	10/01/2022-12/31/2022	10/01/2023-12/31/2023	10/01/2022-12/31/2022
Store Sales (net)	EUR m	202.7	188.2	173.7	147.6
E-Com Sales (net)	EUR m	31.5	34.0	51.9	43.2
Total	**EUR m**	**234.2**	222.2	**225.6**	190.8

		Parfumdreams / Niche Beauty		Total Reportable Segments	
		10/01/2023-12/31/2023	10/01/2022-12/31/2022	10/01/2023-12/31/2023	10/01/2022-12/31/2022
Store Sales (net)	EUR m	4.1	4.1	1,042.6	974.8
E-Com Sales (net)	EUR m	59.0	46.0	503.7	451.9
Total	**EUR m**	**63.2**	50.1	**1,546.3**	1,426.7

		Reconciliation to Group		Douglas Group	
		10/01/2023-12/31/2023	10/01/2022-12/31/2022	10/01/2023-12/31/2023	10/01/2022-12/31/2022
Store Sales (net)	EUR m	-0.7	1.8	1,041.9	976.7
E-Com Sales (net)	EUR m	10.0	12.0	513.6	463.9
Total	**EUR m**	**9.2**	13.8	**1,555.5**	1,440.6

Reconciliation of the segment performance indicator Adjusted EBITDA to EBITDA

The table below shows the reconciliation of Adjusted EBITDA for the Group's reportable segments to EBITDA according to the interim consolidated statement of profit or loss. For the reconciliation of Group EBITDA to Group profit before tax, see the consolidated statement of profit or loss.

Adjusted EBITDA, which is allocated to the "Reconciliation to Group" category, amounted to minus EUR 33.3 million in the first quarter 2023/24, (comparative period: minus EUR 45.8 million) whereby the central division, which provides the core management and administrative functions of Douglas Group and also includes Central Purchasing and Marketing, Corporate Brands business and the Group's international E-Com functions at the level of the Group headquarters in Germany, contributed Adjusted EBITDA of minus EUR 32.3 million in the first quarter 2023/24, (comparative period: minus 44.9 million) as this division does not generate any sales and is largely not operated as a profit center.

	10/01/2023-12/31/2023 EUR m	10/01/2022-12/31/2022 EUR m
Adjusted EBITDA of the Reportable Segments	**381.6**	355.1
Adjusted EBITDA of the reconciliation to the Group	-33.3	-45.8
Consolidation and foreign exchange effects	0.1	0.1
Adjusted EBITDA	**348.3**	309.4
Purchase Price Allocations (PPA)	-0.1	-0.1
Restructuring costs (staff-related) and severance payments	-0.6	2.2
Consulting fees	7.8	1.2
Other adjustments	25.6	8.9
Store Optimization Program (SOP)	-2.7	1.0
Adjustments on EBITDA	**29.9**	13.1
EBITDA	**318.4**	296.3

The respective categories essentially comprise the following issues:

- **Purchase price allocation (PPA):**
  This item includes the impact on EBITDA from effects recognized in profit or loss from the subsequent measurement of assets and liabilities recognized in connection with business combinations.
- **Restructuring costs and severance payments:**
  Expenses in connection with the sale or termination of a business division, the closure or sale of a group of branches, significant changes in the structure of management or fundamental reorganizations. These include, in particular, expenses in the form of severance payments and continued salary payments without the position being filled, as well as for management positions at national or Group level regardless of whether the position is filled.
- **Consulting fees**
  This item generally comprises expenses for consulting services in connection with strategic projects and initiatives as well as major acquisitions and (re-)financing.
  These adjustments are related to a number of different strategic projects, in particular the issuance of equity instruments and the further implementation of our Group strategy "Let It Bloom".

- Other adjustments[9]:
  Other adjustments are other items that do not recur regularly, are exceptional or are not suitable for internal management purposes. These include restructuring expenses that are not personnel-related, integration costs, income from the reversal of previously adjusted provisions, expenses in connection with management participation programs and infrastructure or reorganization costs. In all periods presented, this item includes expenses for management participation programs.
  For the first quarter 2023/24, these expenses especially related to risk provisioning of legal disputes related to a squeeze out of former minority shareholders, long-term incentive programs and in addition to the start-up costs in connection with our strategic logistics project OWAC.
- Store Optimization Program (SOP)
  Expenses in connection with the optimization of our store network.
  In the interim reporting period, the adjustments made related to income from the reversal of previously written-down inventories as part of SOP.

[9] Following the end of the COVID-19 pandemic, there are no COVID-19 adjustments in the first quarter 2023/24 and none are expected in the future. The COVID-19 adjustments reported separately in the first quarter of the previous year 2022/23 are reported under "Other adjustments" due to their immateriality.

Share-based payment

Management participation program II

The share-based compensation program II established in the financial year 2020/21 by means of a second management investment company, Kirk Beauty 2 Beteiligungs GmbH & Co. KG, a direct shareholder of Douglas AG (formerly Kirk Beauty A GmbH) until 2 February 2024, grants shares to key management personnel, other senior executives, and other individuals, enabling them to hold an indirect interest in Douglas Group and thus participate in the expected increase in value.

The total value of benefits granted to employees in the interim financial period amounted to EUR 0.3 million (30 September 2023: EUR 26.3 million).

The instruments issued to employees as part of MEP II developed as follows in the first quarter 2023/24:

	10/01/2023-12/31/2023	10/01/2022-12/31/2022
Beginning of the reporting period	**4,470.05**	1,859.65
Instruments granted	52.57	3,162.34
Instruments returned	-42.37	-487.86
End of the reporting period	**4,480.25**	4,534.13

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 (other reserves) within equity. Personnel expenses of EUR 5.6 million (comparative period: EUR 1.3 million) were recognized for this share-based payment in the first quarter 2023/24.

For further information, please refer to note 23 to Douglas Group's annual consolidated financial statements as of and for the financial year ending 30 September 2023

Management participation program I

In addition to the MEP II described above, there is another management participation program ("MEP I"), which has existed since March 2016 in a management participation company as a shareholder of Kirk Beauty International S.A.

The instruments issued to employees as part of MEP I developed as follows in the first quarter 2023/24 and totaled as of the interim reporting date:

	Ordinary shares	Preferred shares	PECs
10/01/2023	616,744	957,722	153,573,368
Instruments granted	-	-	-
Instruments returned	-18,750	-29,116	-4,538,365
12/31/2023	**597,994**	**928,606**	**149,035,003**

Due to the classification as equity settled share-based payment program, the grant date fair value of benefits granted in the form of instruments is recorded as personnel expense over the vesting period; the offsetting entry is made in in retained earnings (other reserves) within equity.

As in the comparative period, no personnel expenses were recognized in the first quarter 2023/24. The participation program MEP I therefore has no impact on the interim consolidated statement of financial position or consolidated statement of profit or loss for the first quarter 2023/24.

In the comparative period, the first quarter of 2022/23, there was no change in the instruments issued to employees under MEP I compared to October 1, 2022:

	Ordinary shares	Preferred shares	PECs
10/01/2022	652,852	1,013,792	160,719,965
12/31/2022	652,852	1,013,792	160,719,965

For further information, please refer to note 23 to Douglas Group's annual consolidated financial statements as of and for the financial year ending 30 September 2023

Financial Instruments

Fair value of financial instruments

The following tables represent the carrying amounts and fair values of financial instruments as of the reporting date. The items are classified according to IFRS 9[10] and are also categorized into a three-level fair value hierarchy, which structures the data used for the fair value calculation according to its market relevance.

Financial instruments categorized in accordance with IFRS 9 as of 31 December 2023:

	Net carrying amount 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
Financial assets							
Trade accounts receivable	75.2	AC	75.2				
Cash	552.9	AC	552.9				
Other financial assets	**400.8**						
-- thereof Embedded options	32.2	FVtPL		32.2		32.2	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	3
Total financial assets	**1,028.9**						
Financial liabilities							
Trade accounts payable	**853.5**	**AC**	**853.5**				
Other financial liabilities	**3,306.4**						
-- thereof Senior Secured Notes	1,313.8	AC	1,313.8			1,295.2	1
-- thereof Senior PIK Notes	578.5	AC	578.5			553.2	1
-- thereof Liabilities to bank	668.2	AC	668.2			668.2	2
-- thereof Liabilities to shareholders	715.8	AC	715.8			715.8	3
-- thereof Liabilities from non-controlling options	0.2	AC	0.2			0.2	3
-- thereof Liabilities from customer returns	8.3	AC	8.3			8.3	
Total financial liabilities within the meaning of IFRS 9	**4,159.9**						
Lease liabilities within the meaning of IFRS 16	1,054.0						
Total financial liabilities	**5,213.9**						

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

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

[10] 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 contractual terms of the new Senior Secured Notes as well as the new Senior PIK Notes include a right of cancellation of the loans by the issuer (Douglas Group) that can be exercised at any time, according to which Douglas Group has the right to repurchase the Senior Secured Notes and the Senior PIK Notes 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 one unit of account for accounting purposes. In order to accurately measure the repurchase options, an interest rate structure model is used.

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 derived from contracted interest rate. Accordingly, an exercise of the repurchase rights is economically feasible 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.

As of the reporting date, subsequent measurement of the embedded options resulted in a valuation gain of EUR 0.5 million (comparative period: valuation gain of EUR 0.0 million), which is recognized in finance result.

To manage the interest rate risk of the Senior Secured Term Loan Facility, Douglas GmbH has concluded interest rate mitigation agreements with a nominal volume of EUR 675.0 million and a term until 8 April 2026, which limit the risk of a rising EURIBOR to 3.5 percent.

As a stand-alone derivative, it is measured separately at fair value through profit or loss within the finance result.

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 contractually defined boundaries. As agreed in the contract, credit margins are reassessed on a quarterly basis subject to the development of certain key performance indicators. 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 value credit interest assessment.

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

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 EUR 0.2 million as of the reporting date (30 September 2023: EUR 0.2 million).

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.

For contracts that allow the customer to return an item, a corresponding contract liability is recognized on the basis of historical data.

Financial instruments categorized in accordance with IFRS 9 as of 30 September 2023:

	Net carrying amount 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*	36.9	AC	36.9				
Cash	262.3	AC	262.3				
Financial assets	258.8						
-- thereof Embedded options	31.7	FVtPL		31.7		31.7	2
-- thereof Derivative financial instruments	1.4	FVtPL		1.4		1.4	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	3
Total financial assets	**558.0**						
Financial liabilities							
Trade accounts payable	**617.6**	**AC**	**617.6**				
Other financial liabilities	**3,335.5**						
-- thereof Senior Secured Notes	1,332.7	AC	1,332.7			1,269.1	1
-- thereof Senior PIK Notes	590.4	AC	590.4			549.0	1
-- thereof Liabilities to bank	682.5	AC	682.5			682.5	2
-- thereof Liabilities to shareholders	704.6	AC	704.6			704.6	3
-- thereof Liabilities from non-controlling options	0.2	AC	0.2			0.2	3
-- thereof Liabilities from customer returns	4.8	AC	4.8			4.8	
Total financial liabilities within the meaning of IFRS 9	**3,953.1**						
Lease liabilities within the meaning of IFRS 16	1,080.3						
Total financial liabilities	**5,033.4**						

Borrowing liabilities

As of 31 December 2023, and as of 30 September 2023, 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 EUR 75.0 million (Facility B), the Senior Secured Multi-Currency Revolving Credit Facility (RCF) and other borrowings as of 31 December 2023 and 30 September 2023, as follows:

	12/31/2023 Carrying amount EUR m	Nominal amount EUR m	09/30/2023 Carrying amount EUR m	Nominal amount EUR m
Senior Secured Notes	1,313.8	1,305.0	1,332.7	1,305.0
Senior PIK Notes	578.5	567.4	590.4	567.4
Senior Secured Term Loan Facility (Facility B)	669.2	675.0	683.8	675.0
Senior Secured Multi-Currency Revolving Credit Facility (RCF)	-2.1	0.0	-2.4	0.0
Other borrowings	1.1	1.1	1.1	1.1
Finance liabilities (total from notes and bank liabilities)	**2,560.5**	**2,548.5**	**2,605.6**	**2,548.5**

Carrying amounts mainly include accrued interests, as well as valuation effects.

In addition, individual Group companies have access to bilateral overdraft facilities, of which EUR 0.2 million (30 September 2023: EUR 0.1 million) had been utilized as of the reporting date. Government loans from national aid programs totaling EUR 1.0 million (30 September 2023: EUR 1.0 million) were also utilized as of the reporting date.

As in the entire previous financial year 2022/23, the RCF was not utilized in terms of liquidity in the first quarter 2023/24.[11]

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 a borrower default, the lenders have the option of initiating a contractually defined process aimed at the immediate maturity of the liability and the utilization of the pledged assets.

Douglas AG (formerly Kirk Beauty A GmbH) and its subsidiaries must comply with certain obligations and financial covenants if 40.0 percent of the nominal value of EUR 170.0 million of the Senior Secured Multi-Currency Revolving Credit Facility is drawn down (corresponds to EUR 68.0 million). A part of the RCF totaling up to EUR 40 million can be used as so-called ancillaries for liquidity-related utilization. Utilization of the ancillaries is not counted towards the covenant test. As in the previous financial year 2022/23, within the first quarter 2023/24 compliance with these financial covenants was not relevant, because the RCF was not utilized in terms of liquidity.

Besides these financial covenants, the Group also has to meet certain qualitative covenants, such as the payment of interest or the submission of quarterly and annual financial statements, including the Compliance Certificate. If these obligations are not met, the lenders are entitled to cancel the loan agreements with immediate effect and call upon all pledged collateral. The qualitative covenants were met at all times in the first quarter 2023/24.

The individual financing components of the Group in the form of the bonds issued (Senior Secured Notes and Senior PIK Notes), the syndicated loan (Senior Secured Term Loan Facility (Facility B)) and the Revolving Credit Facility (Senior Secured Multi-Currency Revolving Credit Facility), which had not been drawn down in terms of liquidity as of the reporting date, are closely interwoven. Due to these risk interdependencies, there is an increased concentration of risk.

[11] The available amount of the RCF for borrowings is reduced by EUR 9.0 million of outstanding rental guarantees.

Other Disclosures

Events after the interim reporting date

The following events requiring consideration occurred between the interim consolidated financial statements reporting date and the date on which the interim consolidated financial statements were approved for publication:

Since 31 January 2024, Kirk Beauty International S.A. is the sole shareholder of Douglas AG (formerly Kirk Beauty A GmbH) after Kirk Beauty 2 Beteiligungs GmbH & Co. KG had on that day transferred its 6,215 shares of class A with a nominal value of EUR 1.00, to the shareholder with immediate effect.

By notarization dated 2 February 2024 and registration dated 19 February 2024, Kirk Beauty A GmbH was transformed into a stock corporation (Aktiengesellschaft, AG) by way of a change of legal form with universal succession in accordance with the German Transformation Act (Umwandlungsgesetz, UmwG) in particular Sec. 190 et seq. in conjunction with Sec. 226 et seq., 238 et seq. UmwG. The name of the stock corporation is Douglas AG, with its registered office in Düsseldorf, Germany, which is registered in commercial register B of the district court of Düsseldorf under the registration number HRB 103560.

On 2 February 2024 the share capital of Douglas AG was increased to the minimum share capital of a German stock corporation from EUR 48,785.00 by EUR 1,215.00 to EUR 50,000.00. The share capital in the amount of EUR 50,000.00 is divided into 50,000 bearer shares with no par value bearing the same rights and a proportional value and issue price of EUR 1.00 each. The shareholder, Kirk Beauty International S.A., will hold all shares in Douglas AG. The former Class A Shares and Class B Shares of the Company are being exchanged for a total of 50,000 bearer shares so that the shareholder receives one bearer share in the stock corporation for each Euro nominal value of a share in the limited liability company. The profit shares attributable to the shareholders are determined in proportion to the shares in the registered share capital held by them.

In addition to the increase in share capital, the shareholder contributed all receivables from the loans amounting to EUR 719.9 million (carrying amount, including accrued interest) as a contribution to the capital reserve of Douglas AG (formerly Kirk Beauty A GmbH).

By resolution dated 27 February 2024, the share capital of Douglas AG was increased from EUR 50,000 by EUR 74,950,000.00 to EUR 75,000,000.00 by converting capital reserves into share capital. The capital increase is to be implemented by issuing 74,950,000 new bearer shares with no par value (Stückaktien), each representing a pro rata amount of the share capital of EUR 1.00.

Douglas Group is currently in the process of preparing its Initial Public Offering (IPO). Contingent on the successful completion of an IPO and certain formal requirements, Douglas Group obtained lenders' commitment to refinance its financial liabilities to banks, Senior Secured Notes and Senior PIK Notes until mid of April 2024. Debt instruments of around EUR 2.7 billion (including revolving credit facility) are to be settled. The conditionally committed new debt instruments will consist of syndicated and revolving credit facilities with a term of 5 years each and a short term bridge financing with two extension options, with a total nominal amount of EUR 1.6 billion. Margins will be reduced compared to current financing.

End of February 2024, Douglas Group entered into a non-binding letter of intent with a potential buyer of Disapo. A sale might trigger expenses and/or liquidity contributions approximately in a medium to high-single-digit million Euro amount.

At the level of Douglas AG (formerly Kirk Beauty A GmbH), a Supervisory Board was formed on a parity basis, whose constituent meeting was held on 2 February 2024.

Düsseldorf, 7 March 2024

Douglas AG
Management Board

Alexander van der Laan | Mark Langer | Philipp Andrée