Annual Report 2023/2024

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To our share-holders

CEO letter

Dear shareholders, ladies and gentlemen,

In more than 200 years of corporate history, DOUGLAS - or rather the DOUGLAS Group as we are known today - has experienced a great deal. Nevertheless, the past fiscal year was a historic one for us. On March 21, 2024, we not only celebrated the first year of our "Let it Bloom" growth strategy, but also laid the foundation for further sustainable growth by going public on the Frankfurt Stock Exchange. In business terms, we can look back on a very successful twelve months with record sales of 4.45 billion euros, strategic milestones and significant progress in reducing our debt. As Europe's leading omnichannel provider of premium beauty, we are excellently positioned in the market and in relation to our customers – and on track to achieving our ambitious goals.

This is particularly evident in our financial profile. The DOUGLAS Group is a strong, healthy, and profitable company. In the midst of a challenging market environment characterized by geopolitical and economic uncertainties, our business model has proven to be crisis-proof and value-creating: Not only did we close the fiscal year with sales growth of 8.7%, but we also significantly increased our profitability and at the same time reduced our debt. This triad of organic growth, operational excellence, and reduced liabilities allows us to invest in our business in an even more targeted manner in order to expand our leading market position and quality, while at the same time continuing to reduce our debt.

The key to our success is and remains our consistent focus on our customers in all divisions. DOUGLAS, our core brand is synonymous with premium beauty shopping - and has been for over a century. Our customers associate us with personal beauty experiences in more than 1,880 stores, outstanding advice and the best brands in the world. We are also one of the few retailers in Europe to have successfully transformed ourselves from a stationary retailer into a true omnichannel player, where online and offline are not seen as two complementary channels, but as a holistic customer journey. This conviction, which we have exemplified for years as a pioneer in the market, is driving our growth: In the past financial year, we significantly increased both our store and online figures - our already strong E-Com business has recently seen almost double-digit growth.

We know that this success cannot be taken for granted and that we have to earn the great trust that our customers place in us every day. That is why we continue to invest in our brand, our offering and our omnichannel platform. In 2024, we bundled our four strong retail brands DOUGLAS, NOCIBÉ, Parfumdreams and Niche Beauty under the umbrella of the DOUGLAS Group, united by our common goal of making life more beautiful for everyone. We have strategically honed our profile and are now focusing even more on our core business of premium beauty. We recently launched a premium redesign of our websites, online stores and apps, further improving our brand positioning and omnichannel activation. And our omnichannel customers can already look forward to a completely revamped Beauty Card, as we are expanding

the loyalty program with new benefits and services at the start of the new year 2025 and tailoring it even more closely to their interests and needs.

This is just one component of our "Let it Bloom" growth strategy, the positive effects of which are already being felt. We are also consistently developing operational excellence behind the scenes. In 2023/2024, for example, we made great progress in optimizing our omnichannel supply chain and achieved measurable improvements in the availability of goods, delivery times, capital and cost efficiency through our OWAC logistics model (OWAC = "One Warehouse, All Channels") - and ultimately customer satisfaction. By launching an extensive technology project, we have initiated the Group-wide standardization of software, data and processes, from which we expect further synergies and efficiency gains. Our store network - already leading in Europe - will also continue to grow, as we believe in the future of physical stores in retail and are planning numerous new openings, including several flagship stores. We will also modernize hundreds of existing stores.

Of course, we also take our social and environmental responsibility seriously and, as Europe's leading omnichannel provider of premium beauty, we not only want to keep pace, but also lead the way with conviction and confidence. This is why we also consider all facets of our actions from the perspective of sustainability, have committed to Science-Based Targets (SBTs), updated our sustainability strategy and set ourselves new, ambitious goals in the three dimensions of People, Planet and Products. Not only in my role as CEO, but also as Chairman of the ESG Committee, I am personally strongly committed to further reducing our CO2 footprint and promoting sustainability throughout the company.

Dear shareholders, ladies and gentlemen: The DOUGLAS Group is in an excellent position and we have successfully continued our positive development in this historic year. With a strong team of more than 19,000 motivated employees, four premium retail brands, our resilient business model and the invaluable trust we earn every day through our commitment to our customers, we are very well positioned for the challenges of the future and our continued growth. This starting position is the result of the efforts of each and every individual in the DOUGLAS Group, for which I would like to take this opportunity - on behalf of the entire Management Board - to express my sincere thanks.

We firmly believe in our chosen path and that the DOUGLAS Group's best days lie ahead of us. We want to and will build on our previous successes.

We hope you enjoy reading the DOUGLAS Group's first annual report.

Yours

Sander van der Laan

CEO DOUGLAS Group

Strategy – 'Let it Bloom - DOUGLAS 2026'

With 'Let it Bloom - DOUGLAS 2026', we have anchored a clear strategy in the Group with the aim of continuing our growth trajectory and further improving our profitability. We have been successfully implementing this strategy for one and a half years now. Our strategy is based on four clearly defined strategic pillars and a strong foundation with our culture, purpose and values:

1. Be the #1 beauty destination in all our markets

In order to remain or become the leading beauty destination in all of our markets, we are continuing to invest in our brand. To this end, we are leveraging the full potential of our revised brand positioning by consistently implementing the brand elements and campaigns at all touchpoints of the customer journey for our brand. In addition, we are focusing on our customer relationship management system, social media and social commerce as well as the further enhancement of our customer loyalty program and customer activation based on a consistent and holistic strategy to improve customer relationship management in order to strengthen customer value through personalized customer activation. As a leading company in our industry, we also take the resulting responsibility very seriously. Our integrated ESG strategy is therefore another important lever for achieving our company's goals.

2. Offer the most relevant and distinctive brand assortment

We want to further improve our product range by strengthening existing product categories such as skin care, color cosmetics and haircare and optimizing our product range to benefit from further expected market growth in these categories. To achieve this, we have developed a clear assortment and brand strategy, are leveraging our expertise in skin and haircare and are continuously improving our partner program, which complements our assortment with adjacent categories. We are also expanding our beauty services and focusing on trends and consumer demands.

3. Offer the most customer-friendly omnichannel experience

We want to offer the most customer-friendly omnichannel experience by further improving the seamless customer experience across our physical and digital channels. To achieve this, we are actively modernizing and expanding our store network. With the help of our app, we are able to offer our customers a comprehensive shopping experience both online and offline. To this end, we are developing an omnichannel customer service strategy based on a standardized, technology-supported approach that is organized across Europe.

4 Further development of a focused and efficient operating model

To further increase operational excellence, we plan to invest further in our supply chain and our underlying technology infrastructure to achieve greater standardization and automation and further expand our focused and efficient operating model across all channels. We continue to work on simplifying structures and processes to enable faster decision-making and better accountability, as well as increasing centralization and standardization, especially in the supply chain and back offices, while taking local specifics into account. One of the ways we are achieving this is by adopting a Group-wide supply chain approach, bundling our warehouse logistics into seven OWACs ("One Warehouse, All Channels") and investing in our technology and data processing capabilities.

EXPANSION AND UPGRADING OF THE STORE NETWORK

As part of our customer-oriented ‘Let it Bloom - DOUGLAS 2026’ strategy, we intend to continue pursuing a targeted expansion and development plan in the future. As part of our multi-format strategy, we have developed an efficient store concept consisting of two store formats and the online store: premium and luxury stores ranging in size between 100 and 800 square meters. Our aim is to reduce the average amortization period for new store openings and complete renovations to three to four years, partly by using standard modules that can be used in both store formats and therefore offer purchasing benefits.

Following the latest streamlining of our store portfolio, we intend to open around 200 new stores by the end of 2026 (after deducting closures) and invest an amount equivalent to between around 0.5% and around 1.0% of sales (net) per financial year in the expansion and development of the store network during this period. We see opportunities for new stores in all our markets and plan to gradually close geographical gaps, although we place strict requirements on the profitability of the stores and the return on investment.

We anticipate that Central Eastern Europe will be the most important growth region, accounting for around 40% of the planned new openings. The other planned openings are distributed in order of size across Southern Europe (including Croatia and Slovenia), Germany, Austria, Switzerland (DACH), France, the Netherlands and Belgium. We entered Belgium and Slovenia with our revised store format in 2023.

At the same time, we want to further improve our existing store network, particularly in the DACH region and in France. This will be achieved through a two-pronged modernization program: Where necessary, we are carrying out a complete modernization, i.e. a change to the category and brand structure and a complete refresh of the fixtures and fittings. Where possible, we carry out light and medium modernizations, which generally means selected changes to the category and brand structure and a partial refresh of the fixtures and fittings. The decision on modernization is made on an store-by-store basis and takes into account, among other things, the age of the store, the terms of the respective lease agreement, the activities of competitors in the vicinity and, above all, the medium-term financial prospects of the location.

Overall, we intend to renovate more than 400 stores by 2026 and invest an amount of between around 1.0% and around 1.5% of sales (net) per financial year in this modernization of the store network during this period, with around 50% of the planned cumulative renovations attributable to DACH and France.

As part of the planned expansion of our store network, we opened 35 new stores in the past financial year. This includes the opening of the new House of Beauty in Vienna. The new flagship store spans two floors and approximately 800 square meters of sales space. As a flagship store, it offers an extensive range of premium brands and personalized beauty services. Recent customer surveys show that the ambience, our friendly staff and the product range in particular appeal to customers and that they would recommend the store to others.

The target for the end of 2026 of opening around 200 new stores is proceeding according to plan. Nevertheless, we see potential challenges such as excessive location prices, the availability of commercial real estate and the general attractiveness of locations in individual countries. In order to overcome these challenges and successfully drive forward our expansion strategy, we will effectively combine several measures.

A key aspect is the greater involvement of suitable brokers who have in-depth market knowledge and networks. These partners can help us to gather relevant information and identify new business opportunities. At the same time, we are increasingly using tools such as MyTraffic and Whatalocation, which provide us with valuable data on customer frequency and location analyses. This enables us to find specific geographical gaps in the market where we are not yet represented but where we see great potential.

These measures allow us to present our company and our expansion plans and to gain valuable feedback and new contacts. By communicating our strategies and analyses, we can approach potential partners and investors and expand our network. In light of these strategies, we are in the process of planning and executing further openings for the coming months. Through the synergistic use of broker knowledge, data-driven analysis and active communication, we

will not only drive our expansion, but also ensure that we are present in the right locations at the right time and with the right store format. This coordinated approach will help us to strengthen our market position in the long term.

PARFUMDREAMS. INTEGRATION INTO THE GERMAN OWAC

In the course of 2024, Parfumdreams' warehouse and fulfillment system was integrated into our OWAC ("One Warehouse, All Channels”) in Hamm. This enables customers to enjoy a smooth and fast delivery process for their ordered goods. For the DOUGLAS Group, this primarily means improved goods management and contributes to an efficient operating system.

Management Board

Alexander "Sander" van der Laan

DOUGLAS GROUP CEO

Alexander van der Laan, born in 1968, completed his studies in Business Administration at Nyenrode University, The Netherlands, and holds a Master of Business Administration (MBA) degree. He started his professional career as a product manager at SCA Hygiene. From 1993 until 1998, he worked at Unilever, where he had various roles in marketing and sales. Subsequently, Alexander van der Laan worked for over 16 years in various management positions at the publicly listed retail company Ahold Delhaize – most recently as Chief Executive Officer (CEO) of the Dutch retail chain Albert Heijn. Before he joined Douglas, he was Chief Executive Officer (CEO) of the Dutch non-food retailer Action from 2015 until 2022, where he was also Chief Executive Officer (CEO) of Action Nederland B.V.

In 2022, he was appointed Chief Executive Officer (CEO) of Douglas. Alexander van der Laan is also a former board member and chairperson of the board of the Stichting Cancer Center Amsterdam and director of Mil & Bos B.V.

Besides these appointments, Alexander van der Laan is not and has not been a member of any administrative, management, or supervisory body of any company or a partner in a partnership outside the Group within the last five years.

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Mark Langer

DOUGLAS GROUP CFO

Mark Langer, born in 1968, studied at Technical University Munich, Germany, and at Hagen University, Germany, as well as Ludwig Maximilians University Munich, Germany. He holds a master's degree in Mechanical Engineering (Diplom-Ingenieur) and a master's degree in Business Administration (Diplom-Kaufmann). In 1995, he began his professional career as a consultant at McKinsey & Company. From 1997 until 1999, he worked at Procter & Gamble as Financial Analysis Manager Europe. From 1999 until 2002, he again worked at McKinsey & Company, this time as a project leading Engagement Manager. In 2003, Mark Langer joined Hugo Boss AG, where he held various management positions. He started as Director of Finance and Controlling, became Chief Financial Officer (CFO) in 2010, and most recently held the position of Chief Executive Officer (CEO) and Chairman of the Board from 2016 to 2020.

In 2021, he joined Douglas as Chief Financial Officer (CFO). From 2015, he was a member of the University Council at Reutlingen University, a position he held until August 2024. Additionally, he became a member of the German Committee of UNICEF e.V. in July 2023 and joined the Advisory Board of Schwanhäußer Industrie Holding GmbH & Co. KG in July 2024. Mark Langer is also the Managing Director of ASTAM Holding GmbH.

In addition to these roles, Mark Langer is not and has not been a member of the administrative, management, or supervisory bodies of any company, nor a partner in any partnership outside the Group within the last five years.

Dr. Philipp Andrée

DOUGLAS GROUP CCO

Dr. Philipp Andrée, born in 1981, studied Mechanical Engineering at the Technical University in Hamburg, Germany. He started his professional career at McKinsey & Company, where he worked from 2008 until 2013. During this time, from 2010 until 2012, he completed his doctorate at the University of Hamburg. In 2013, he founded Department47 GmbH, an online marketplace for premium fashion, where he acted as managing director. After ISA GmbH, a B2B e-commerce service provider, had acquired Department47 GmbH, he served as managing director for ISA GmbH until 2015. From 2015 until 2022, he worked at the coffee roaster and retailer Tchibo GmbH where Dr. Philipp Andrée held various management positions, first as Head of Online Expansion, then as Director for Online Sales in Germany and Director for Marketing and Online Sales. Most recently he was managing director responsible for Marketing & Digital.

In January 2023, Dr. Philipp Andrée joined Douglas, initially as Chief Digital Officer (CDO) and since May 2023 as Chief Commercial Officer (CCO). Philipp Andrée was also a member of the advisory board of HanseMerkur Holding AG until December 2022 and managing director of VVPA Beteiligungs UG (liquidated) until June 2019.

Besides these appointments, Dr. Philipp Andrée is not and has not been a member of any administrative, management, or supervisory body of any company or a partner in a partnership outside the Group within the last five years.

Supervisory Board

Dr. Henning Kreke

CHAIRMAN OF THE SUPERVISORY BOARD

Dr. Henning Kreke was born in 1965 and studied business administration at the University of Texas in Austin, TX, USA. In 1994, he received his doctorate in political science from the Christian-Albrechts-University in Kiel, Germany. In 1990, Henning Kreke began his career at the investment bank Salomon Brothers in New York. He joined Douglas in 1993 as Assistant to the Management Board. From 1997 to 2016 he was a member of the Management Board of Douglas and from 2001 to 2016 Chairman of the Management Board and Chief Executive Officer of Douglas. Henning Kreke became Chairman of Douglas GmbH in 2016 and is now Chairman of the Supervisory Board of Douglas AG.

Henning Kreke is currently also a member of the Supervisory Boards of Thalia Bücher GmbH, Encavis AG and Deutsche Euroshop AG. He is a member of the advisory boards of noventic GmbH, Perma-Tec GmbH & Co KG, AXXUM Holding GmbH and SLYRS Destillerie GmbH & Co KG. He is also managing director and general partner of Kreke Immobilien KG, Let's Go JMK KG, H & J Let's Go Commando KG and JMK Grundbesitz KG as well as managing director of JMK Immobilien Verwaltungs GmbH, Lobelia Beteiligungs GmbH, Lobelia 25+ Beteiligungs GmbH, Alvetra GmbH, yaska Kalorimeta GmbH, JMK Verwaltungs GmbH, Let's Go JMK Beteiligungs GmbH and H & J Seven Eleven Verwaltungs GmbH. He is also Managing Director of Lobelia Lux S.à r.l. and Director of Kirk Beauty Investments S.A.

OTHER MEMBERS OF THE SUPERVISORY BOARD

DR. ALEXANDER DIBELIUS	Managing Partner, CVC, Frankfurt a. M./Germany
DR. DANIEL PINDUR	Managing Partner, CVC, Frankfurt a. M./Germany
CAN TOYGAR	Senior Managing Director, CVC, Frankfurt a. M./Germany
PAMELA KNAPP	Enterpreneur
GEORGIA GARINOIS-MELENIKIOTOU	Enterpreneur
ULRIKE GAAL*	Business clerk
VESNA MANDALENAKES*	Business clerk
STEFANIE HÜBNER*	Head of E-Commerce Germany
UKRIKE GRABE*	Head of section, Münster/Germany
PETRA RINGER*	Trade Union Secretary at.ver.di Trade Section, Berlin
PETER KÖNIG*	Trade Union Secretary at.ver.di Trade Section, Würzburg/Aschaffenburg and Schweinfurt

Report of the Supervisory Board

pursuant to sections 171 para. 2 AktG, 25 para. 1 sentence 1 no. 2 MitbestG

DOUGLAS AG

Financial year from October 1, 2023 to September 30, 2024

The Supervisory Board of Douglas AG (previously trading under the name Kirk Beauty A GmbH, hereinafter also referred to as the "**Company**") dealt extensively with the business and strategic development of the Company and the entire group of companies managed by the Company as the Group holding Company ("**DOUGLAS Group**"). During the reporting period, the Supervisory Board continuously advised and monitored the Executive Board in the management of the Company and the DOUGLAS Group within the scope of its powers and duties. During the reporting period (as defined below), the Supervisory Board fully performed the duties incumbent upon it in accordance with the law, the Articles of Association and the Rules of Procedure and was able to fulfill its legal and statutory duties without restriction.

During the reporting period, both the Supervisory Board of the Company was formed during the year and the Company was converted from a GmbH into a stock corporation in accordance with the German Reorganization Act (UmwG). For this reason, this report covers the period from the establishment of the Supervisory Board at Kirk Beauty A GmbH on January 9, 2024, through the Company's change of legal form to Douglas AG, which took effect on February 19, 2024, to the end of the Company's financial year on September 30, 2024 (hereinafter the "**reporting period**").

To simplify the language used in this report, the terminology under stock corporation law (in particular "Management Board" and "Annual General Meeting") is also used for reporting for the reporting period prior to the completion of the change in the Company's legal form, unless the terminology under limited liability company law is expressly used in individual cases.

PRELIMINARY REMARK

On March 21, 2024, the Company's shares were admitted to trading on the Frankfurt Stock Exchange (hereinafter the "**IPO**").

In preparation for this IPO under the project name "TULIP", the shareholders' meeting of Kirk Beauty A GmbH resolved on January 9, 2024 to establish a co-determined Supervisory Board in accordance with the German Co-Determination Act (MitbestG). As a result, the Supervisory Board responsible for monitoring the management of the DOUGLAS Group was moved from Douglas Service GmbH (previously trading as Douglas GmbH) two Group levels higher, to Kirk Beauty A GmbH, and thus to the level of the issuer in the context of the IPO. This transfer of the Supervisory Board took place because the Company was identified as a group holding Company under the MitbestG after the number of employees at the level of Douglas Service GmbH fell below 500. Dr. Hennig Kreke, Dr. Alexander Dibelius, Dr. Michael Hinderer, Dr. Daniel Pindur, Fritz Schulenburg and Can Toygar were appointed to the Supervisory Board of Kirk Beauty A GmbH as shareholder representatives. With the conclusion of the legal status proceedings before the Düsseldorf Local Court, Ms. Ulrike Gaal, Ms. Vesna Mandalenakes, Ms. Stefanie Hübner, Ms. Ulrike Grabe, Ms. Petra Ringer and Mr. Peter König were appointed to the Supervisory Board as employee and/or trade union representatives with effect from 22 January 2024.

To further prepare for the IPO, the change of legal form of Kirk Beauty A GmbH into today's Douglas AG was resolved with effect from February 19, 2024. As the Supervisory Board of the company was formed and composed in the same way after the change of legal form as before the change of legal form, the members of the Supervisory Board appointed for Kirk Beauty A GmbH remained in office as members of the Supervisory Board of Douglas AG for the remainder of their term of office in accordance with the provisions of Section 203 sentence 1 UmwG, so that no new appointment of Supervisory Board members was necessary for the period after the change of legal form took effect. No use was made of the right pursuant to Section 203 sentence 2 UmwG, according to which a termination of office can be stipulated in the resolution on the change of legal form.

A. COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

During the reporting period, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Executive Board as well as the committee chairmen and the other members of the Executive Board. In this way, the Supervisory Board was always informed about the intended business policy, corporate planning including financial, investment and personnel planning, the profitability of the business and the situation of the company and the DOUGLAS Group. The Supervisory Board was able to satisfy itself of the legality, appropriateness and regularity of the Executive Board's performance of its duties and was involved in all decisions of fundamental importance to the Company and/or the DOUGLAS Group. Where the approval of the Supervisory Board was required by law, the Articles of Association or the Rules of Procedure for decisions or measures taken by the Executive Board, the members of the Supervisory Board approved these following preparation by the committees, intensive examination and discussion.

In detail:

During the reporting period, the Executive Board informed the Supervisory Board regularly, promptly and comprehensively, both in writing and verbally, about all issues relevant to the company and the DOUGLAS Group relating to strategy, planning, business development, the economic and financial situation, the risk situation, risk management and compliance. This applies to the preparation of both ordinary and extraordinary Supervisory Board meetings and applies regardless of the form chosen (face-to-face meeting, conference call, video conference or hybrid form). Timely and comprehensive information also applies to reporting outside of Supervisory Board meetings. The Executive Board and Supervisory Board or the committee chairmen were in regular, close contact to discuss key issues affecting the company and / or the DOUGLAS Group as well as other current management issues.

The reports of the Management Board in accordance with Section 6 (1) and (2) of the Rules of Procedure for the company's Management Board were submitted. The Supervisory Board and the committees had sufficient opportunity to critically examine the reports submitted. Suggestions were made and taken into account.

At the meetings of the Supervisory Board and the committees, the course of business and the situation of the company and the DOUGLAS Group were regularly discussed together with the Executive Board. Furthermore, the Executive Board explained in detail the intended business policy, other fundamental issues of corporate planning and the company's capital, asset and earnings position. Outside of the meetings, the Executive Board also provided the Supervisory Board with a detailed monthly overview of the current business situation of the company and the DOUGLAS Group during the reporting period.

Conflicts of interest on the part of the Supervisory Board in connection with the position of the individual members and their activities were neither reported nor identifiable in the reporting period.

B. FOCUS OF THE ADVISORY AND MONITORING ACTIVITIES

1. General

During the reporting period, the work of the Supervisory Board and its committees focused on the strategic orientation of the DOUGLAS Group immediately before and after the company's IPO as well as the implementation of the IPO and the "Let it Bloom" corporate strategy. During the reporting period, the Supervisory Board regularly dealt with the situation and performance of the Company and the DOUGLAS Group.

In addition to its constituent meeting on February 2, 2024, the Supervisory Board held three ordinary and two extraordinary meetings during the reporting period. The two extraordinary meetings of the Supervisory Board concerned the meeting to form the committees, adopt the Rules of Procedure for the Management Board and Supervisory Board, adopt the competence profile of the Supervisory Board and conclude the Management Board contracts (extraordinary meeting on March 10, 2024) and approve the refinancing as part of the "SIENA" project (extraordinary meeting on February 21, 2024) Each of them was held in the form of a video conference. The ordinary meetings were held in hybrid form. The average attendance rate for all meetings of the Supervisory Board during the reporting period and all members of the Supervisory Board in office amounted to 85%.

The resolutions of the Supervisory Board were passed and recorded in the minutes of the meetings during the reporting period. There were no objections to the resolutions and their implementation. No resolutions were passed outside of the meetings.

2. Selection of individual key topics

At the constituent meeting on February 2, 2024, the Supervisory Board appointed the members of the Executive Board. It also dealt with the Rules of Procedure for the Supervisory Board, the remuneration system for the Management Board, structural and governance aspects and preparations for the IPO.

At its meetings, the Supervisory Board always discussed and debated the current business situation of the company and the DOUGLAS Group (ordinary meetings on April 24, 2024, July 2, 2024 and September 30, 2024).

The planning for the 2024/2025 financial year and the multi-year planning for the subsequent 2025/2026 and 2026/2027 financial years were explained, discussed and approved at the ordinary meeting on September 30, 2024; these plans had previously been prepared at the extraordinary meeting of the Executive Committee on September 9, 2024.

The Supervisory Board discussed the progress of the audit at the ordinary annual financial statements meeting of the Supervisory Board on September 30, 2024.

In September, the Supervisory Board carried out an initial self-evaluation of its working methods in accordance with the recommendation of the German Corporate Governance Code. The results of this self-evaluation of the Supervisory Board were discussed in detail at the Supervisory Board's annual financial statements meeting on September 30, 2024. Further assessment will be embedded as an integral part of the Supervisory Board's annual work in future.

At the ordinary Supervisory Board meeting on September 30, 2024, the Supervisory Board set its targets for the variable remuneration components of the Executive Board remuneration for the 2024 / 2025 financial year.

The following table shows the number of meetings of the Supervisory Board and the committees as well as the individual attendance of the respective members in the reporting period:

Name	Participation		
	Meetings of the Supervisory Board (1)	Meetings of the Executive Committee(3)	Meetings of the Audit Committee(4)
Dr. Henning Kreke	5 from 6	4 from 4	/
Dr. Alexander Dibelius	5 from 6	/	/
Dr. Michael Hinderer	2 from 3 (2)	/	/
Dr. Daniel Pindur	6 from 6	4 from 4	3 from 3
Fritz Schulenburg	3 from 3(2)	/	/
Can Toygar	6 from 6	4 from 4	3 from 3
Pamela Knapp	3 from 3(2)	4 from 4	3 from 3
Georgia Garinois- Melenikiotou	3 from 3(2)	4 from 4	3 from 3
Ulrike Grabe	6 from 6	4 from 4	/
Stefanie Hübner	6 from 6	/	3 from 3
Ulrike Gaal	6 from 6	/	/
Vesna Mandalenakes	6 from 6	/	/
Petra Ringer	3 from 6	/	/
Peter King	6 from 6	/	/

(1) The Supervisory Board held six meetings during the reporting period.
(2) Due to members leaving or taking office during the year, only three of a total of six meetings were held during the pro rata period of office in the financial year.
(3) Four meetings of the Executive Committee were held during the reporting period.
(4) Three meetings of the Audit Committee were held during the reporting period.

C. COMMITTEES

In order to fulfill its duties, the Supervisory Board has formed various committees. At the constituent meeting of the Supervisory Board of Kirk Beauty A GmbH, it formed a Mediation Committee (Section 27 (3) MitbestG) in accordance with the provisions of the German Co-Determination Act and at the extraordinary meeting of the Supervisory Board on March 10, 2024, it formed an Executive Committee, an Audit Committee and a Nomination Committee with effect from the IPO.

The Chairmen of the Executive and Audit Committees always informed the full Supervisory Board in detail and regularly about the main topics of their most recent meetings.

1. Executive Committee ("Working Committee")

The Executive Committee has six members. It consists of the Chairman of the Supervisory Board, his deputy and four other Supervisory Board members elected by the shareholders. The Chairman of the Executive Committee is the Chairman of the Supervisory Board. The Executive Committee coordinates the work of the Supervisory Board, prepares the meetings of the Supervisory Board and decides in place of the Supervisory Board on the approval of transactions with related parties in accordance with Section 111b AktG.

At the extraordinary meeting of the Supervisory Board on 10 March 2024, the Supervisory Board elected Dr Henning Kreke, Ms. Ulrike Grabe, Ms. Pamela Knapp, Ms. Georgia Garinois-Melenikiotou, Dr. Daniel Pindur and Mr. Can Toygar as members of the Executive Committee for the duration of their term of office as Supervisory Board members.

The Executive Committee held three ordinary meetings and one extraordinary meeting in the reporting period. The committee meetings were held as hybrid meetings. The extraordinary meeting concerned the discussion of the budget for the 2024/2025 financial year and the multi-year planning for the remaining 2025/2026 and 2026/2027 financial years (extraordinary meeting on September 9, 2024) and was held in hybrid form. The Executive Committee fully complied with its reporting obligations in accordance with the provisions of Section 107 para. 3 sentence 8 AktG. The current situation of the company was discussed in detail at each ordinary meeting and the full Supervisory Board was informed of this in detail at its next ordinary meeting. To this end, the Executive Committee worked closely with the Management Board at all times and was always fully informed about the company's net assets, financial position, results of operations and sales. Resolutions were passed by the Executive Committee at its meetings during the reporting period. There were no objections to the resolutions and their implementation.

2. Audit Committee

The Audit Committee is responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system and compliance, as well as monitoring the audit of the financial statements, in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor.

At the extraordinary meeting of the Supervisory Board on March 10, 2024, the Supervisory Board elected Ms. Pamela Knapp, Ms. Georgia Garinois-Melenikiotou, Ms. Stefanie Hübner, Dr. Daniel Pindur and Mr. Can Toygar as members of the Audit Committee for the duration of their term of office as Supervisory Board members and appointed Ms. Pamela Knapp as Chairwoman of the Audit Committee.

The Audit Committee held two ordinary meetings and one extraordinary meeting in the reporting period. The committee meetings were held as hybrid meetings (face-to-face meetings/ video conferences]. The extraordinary meeting concerned the coordination with the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, on the audit planning, including the risk assessment, the auditor and the definition of key audit matters (extraordinary meeting on September 9, 2024); it took place in hybrid form. At this meeting, the Audit Committee discussed in particular the audit risk assessment, the audit strategy and further audit planning with the auditor. The Audit Committee also dealt with the quarterly reports as well as current issues and the monitoring of accounting. The Chairwoman of the Audit Committee was in regular contact with the auditor about the progress of the audit and reported on this in detail to the Audit Committee, the Supervisory Board and the Chief Financial Officer and was always available to answer any questions from the members of the Supervisory Board and the Audit Committee. Resolutions were passed by the Audit Committee at its meetings during the reporting period. There were no objections to the resolutions and their implementation.

3. Nomination Committee

The Nomination Committee has the task of nominating suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. The Nomination Committee consists of the Chairman of the Supervisory Board and two other shareholder representatives on the Supervisory Board.

At the extraordinary meeting of the Supervisory Board on March 10, 2024, the Supervisory Board elected Dr. Henning Kreke, Dr. Daniel Pindur and Can Toygar as members of the Nomination Committee for the duration of their term of office as Supervisory Board members and appointed Dr. Henning Kreke as Chairman.

The Nomination Committee did not have to be convened in the reporting period.

4. Mediation Committee pursuant to section 27 (3) MitbestG

At the constituent meeting of the Supervisory Board of Kirk Beauty A GmbH, Dr. Daniel Pindur was elected as a shareholder representative and Ms. Ulrike Gaal as an employee representative on the Mediation Committee. Dr. Henning Kreke became chairman of the committee.

The Mediation Committee did not have to be convened in the reporting period.

D. PERSONNEL CHANGES

1. Management Board

At the constituent meeting of the Supervisory Board, Mr. Alexander van der Laan was appointed Chairman of the Management Board and Chief Executive Officer (CEO) and Labour Director of the Company until the end of February 29, 2028.

At the constituent meeting of the Supervisory Board, Mr. Mark Alexander Langer was appointed as a member of the Management Board and Chief Financial Officer (CFO) of the Company until the end of February 29, 2028.

At the constituent Supervisory Board meeting, Dr. Philipp Andrée was appointed as a member of the Management Board and Chief Commercial Officer (CCO) of the Company until the end of February 29, 2028.

2. Supervisory Board

The Supervisory Board consists of twelve members and is made up of Dr. Henning Kreke (Chairman), Ulrike Grabe (Deputy Chairman), Dr. Alexander Dibelius, Dr. Daniel Pindur, Can Toygar, Pamela Knapp, Georgia Garinois-Melenikiotou, Peter König, Petra Ringer, Ulrike Gaal, Stefanie Hübner and Vesna Mandalenakes.

Six members were appointed by the shareholders (see above). The remaining six employee representatives (Stefanie Hübner, Peter König, Ulrike Grabe, Ulrike Gaal, Petra Ringer, Vesna Mandalenakes) were appointed in accordance with the provisions of the German Co-Determination Act by court order of the Düsseldorf Local Court on January 16, 2024 with effect from January 22, 2024.

The Supervisory Board members appointed by the shareholders, Dr. Michael Hinderer and Mr. Fritz Schulenburg, resigned from office on March 20, 2024. On March 8, 2024, the shareholders' meeting elected two new and independent members to the Supervisory Board (Ms. Pamela Knapp and Ms. Georgia Garinois-Melenikiotou) with effect from the Company's IPO on March 21, 2024.

The members of the Supervisory Board receive support from the Company for their induction to office and for further training and development in connection with their membership of the Supervisory Board. In particular, the company supports the members of the Supervisory Board in organizing seminars and bears the associated costs, and training measures are also organized, including in connection with the first Annual General Meeting. Reports from the DOUGLAS Group's specialist departments are also incorporated into the Supervisory Board meetings.

E. CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

Immediately after its establishment, the Supervisory Board dealt with governance and the recommendations of the GCGC in view of the upcoming IPO. The individual topics and recommendations of the GCGC were discussed and dealt with on a situation-specific basis, including the composition of the Supervisory Board and its committees as well as resolutions on remuneration issues. With regard to the reporting obligation pursuant to Section 161 AktG, the Supervisory Board discussed the implementation of the recommendations and suggestions of the GCGC at the Supervisory Board meeting on December 17, 2024 and, together with the Management Board, issued the annual declaration pursuant to Section 161 AktG on the recommendations of the GCGC. The joint declaration of compliance by the Management Board and Supervisory Board is available on the website https://douglas.group/en/investoren/governance. Further details on the implementation of the recommendations and suggestions of the GCGC can also be found in the corporate governance declaration.

The DOUGLAS Group has a procedure for monitoring **related party transactions**. In certain cases, transactions with related parties are subject to approval by the Supervisory Board and disclosure requirements. In the reporting period, there were no cases in which the regulations on related party transactions required approval and disclosure.

F. AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND THE NON-FINANCIAL REPORT

1. Audit

KPMG AG - Wirtschaftsprüfungsgesellschaft, Barbarossaplatz 1a, 50674 Cologne (hereinafter also referred to as "auditor" or "KPMG") was appointed as auditor by the shareholders' meeting of Kirk Beauty A GmbH. At the extraordinary meeting of the Company's Supervisory Board on March 10, 2024, the Supervisory Board awarded the audit mandate to KPMG.

The auditor issued unqualified audit opinions for both the annual financial statements of Douglas AG and the consolidated financial statements, including the combined management report in each case.

There are no circumstances that give rise to concerns about the auditor's impartiality.

The Audit Committee has agreed with the auditor that the latter will inform the Audit Committee if the auditor discovers facts during the audit that indicate an inaccuracy in the declaration on the GCGC issued by the Management Board and Supervisory Board. The auditor did not inform the Audit Committee of such facts.

In accordance with Section 317 (4) HGB, the auditor audited the risk early warning and monitoring system integrated into the risk management system. The auditor concluded that the Management Board had taken the measures required by Section 91 (2) AktG in an appropriate manner and that the monitoring system is suitable in all material respects for identifying developments that could jeopardize the company's continued existence at an early stage with sufficient certainty.

The report submitted by the Executive Board on the relationships of Douglas AG with affiliated companies in accordance with Section 312 AktG (dependent company report) for the period from February 19 to September 30, 2024 was also audited by the auditor and issued with an unqualified audit opinion in accordance with Section 313 (3) AktG without any objections within the meaning of Section 313 (4) AktG.

The Management Board and Supervisory Board have prepared a remuneration report in accordance with Section 162 AktG. The remuneration report was audited by the auditor in accordance with Section 162 (3) AktG to determine whether the legally required disclosures pursuant to Section 162 (1) and (2) AktG had been made. The auditors confirmed that the remuneration report complies in all material respects with the accounting provisions of Section 162

AktG. In addition to the statutory audit of whether the remuneration report contains all legally required disclosures, KPMG also reviewed the content of the remuneration report and issued an unqualified opinion.

The auditor informed the Supervisory Board and the Audit Committee of all services provided by the auditor in addition to the auditing services.

2. Review by the Supervisory Board and Audit Committee

The Management Board has fulfilled its duty in accordance with Section 170 AktG. At the meeting on December 17, 2024, the Supervisory Board dealt with the annual financial statements of the company, the consolidated financial statements and the combined management report (including the corporate governance statement) as well as the combined non-financial report and the proposal for the appropriation of profits, each of which was issued with an unqualified audit opinion by the auditor.

For the ordinary meetings of the Audit Committee and the Supervisory Board on December 17, 2024, all members of these bodies received the annual and consolidated financial statements as well as the dependent company report, the documents relating to the combined management report, the audit reports of the auditor and the remuneration report in good time. At the respective meetings, the auditor reported comprehensively on the key findings of its audit and was available to provide additional information. The Chairwoman of the Audit Committee was also in close contact with the auditor between meetings regarding the progress of the audit and reported on this to the Audit Committee.

Based on the knowledge gained by the Supervisory Board and the Audit Committee in the course of their respective reviews and on the basis of further explanations provided by the Management Board and the auditor at their annual financial statements meetings on December 17, 2024, they are convinced that the accounting complies with the statutory and legal requirements. In the opinion of the Supervisory Board and the Audit Committee, the annual financial statements of the Company have been prepared in accordance with generally accepted accounting principles or other relevant accounting standards and give a true and fair view of the net assets, financial position and results of operations of the Company.

Following the final result of the audit by the Audit Committee and its own review, the Supervisory Board concurred with the result of the audit by the auditor.

Significant weaknesses in internal control and risk management were identified in individual areas of the Group, including the IT control environment.

The Supervisory Board examined the Management Board's decision to offset the net loss for the year and the company's losses carried forward from the capital reserve, taking into account in particular the interests of the company and the shareholders, and concurred with this decision.

The accounting judgments made in the annual financial statements and the exercise of options were in the interests of the company and are therefore, in the opinion of the Supervisory Board and the Audit Committee, both proper and appropriate.

The result of the Supervisory Board's own audit is consistent with the result of the audit of the financial statements.

3. Consent and approval

The Audit Committee prepared the documents for the audit of the consolidated financial statements, the annual financial statements of the company, the combined management report, the dependent company report and the combined non-financial report 2024 by the Supervisory Board, taking into account the audit reports of the auditor and the discussion with the auditor as well as its own findings, and reported on this at the Supervisory Board meeting on

December 17, 2024 and recommended that the Supervisory Board approve both the annual and consolidated financial statements.

The Audit Committee and the Supervisory Board dealt with these documents in detail and discussed them intensively in the presence of the auditor, who reported on the results of the audit and in particular also addressed the key audit matters and the respective audit procedures, including the conclusions, and was available to answer additional questions and provide further information.

With knowledge of and taking into account the report of the Audit Committee and the auditor's report as well as discussions with the auditor, the Supervisory Board came to the conclusion that the documents are in order and that the assessments of the Executive Board regarding the position of the Company and the DOUGLAS Group presented in the combined management report correspond to the assessments of the Supervisory Board. At the ordinary financial statements meeting on December 17, 2024, which was also attended by the auditor for the agenda items relating to the annual and consolidated financial statements, the dependent Company report and the combined management report, the Supervisory Board approved the result of the audit by the auditor and approved the annual financial statements prepared by the Executive Board, which are thus adopted, as well as the consolidated financial statements.

The annual financial statements are thus adopted. Following the final result of the audit of the dependent Company report, no objections were raised to the declaration of the Executive Board at the end of the dependent Company report. Following its independent review of the combined separate non-financial report, the Supervisory Board had no objections.

The Supervisory Board would like to thank the members of the Executive Board, the managers and all employees as well as the employee representatives of the DOUGLAS Group in Germany and abroad for their outstanding commitment and great dedication in the past financial year. The year 2024 brought with it many challenges that had to be overcome. With great personal commitment and a high level of motivation, everyone made a decisive contribution to ensuring that the DOUGLAS Group was able to close the past financial year on a positive note.

Düsseldorf, December 2024

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Dr. Henning Kreke

Chairman of the Supervisory Board

Our employees

WE MAKE WORK LIFE MORE BEAUTIFUL FOR THE PEOPLE BEHIND BEAUTY!

1. Corporate culture as a foundation

Our culture is the basis of the DOUGLAS Group and is driven by our purpose 'Make Life more beautiful' and our values. With more than 19,000 employees, they are the people behind Europe's leading premium beauty company.

Our aim is to create a working environment in which everyone can develop personally and professionally and to make DOUGLAS a place of growth.

Our values - **Passion, Ownership and Appreciation** - are at the heart of everything we do and are firmly anchored in our strategy. They shape our HR guidelines and processes, from recruitment to further education and performance evaluation.

SUSTAINABLE FOCUS ON OUR EMPLOYEES

STRENGTHENING A CULTURE OF BELONGING, COOPERATION AND APPRECIATION

Diversity, equity and inclusion (DE&I) are essential to our corporate culture. We set clear priorities to increase diversity in various dimensions and create an environment of belonging.

We promote the personal and professional development of our employees through targeted training and further education programs so that everyone has the tools they need to be successful.

We rely on a culture of appreciation that strengthens cooperation and team spirit and thus enables a sustainable and successful future for DOUGLAS.

TRANSPARENT STRUCTURES AND HR PROCESSES - BUILDING AN EFFICIENT SYSTEM LANDSCAPE FOR SUSTAINABLE GROWTH

Growth through clear structures, processes & systems

We create an international organization with clearly defined roles and responsibilities based on collaboration and trust. Our international matrix structures and an efficient operating model support the optimal development of our organization. We focus on international professional exchange and project work across national borders.

Standardized operational processes enable efficiency and clarity, while we remain flexible and responsive to the needs of the 22 operational markets.

With the introduction of SAP SuccessFactors in all countries, we are creating a technology-supported HR infrastructure that efficiently supports strategic decisions and enables targeted growth measures.

2. Learning & Development (Develop Our People)

LET'S MAKE LEARNING MORE BEAUTIFUL.

DOUGLAS ACADEMY

The DOUGLAS ACADEMY pursues an internationally standardized learning strategy that aims to create a consistent and professional learning culture. This culture inspires our employees and promotes their personal and professional growth. The platform, which is based on a mobile-first strategy, is implemented worldwide and contributes to the harmonization of our learning culture on a global level.

Our e-learning platform will be launched in the first quarter of the coming financial year. It offers comprehensive training on onboarding, product knowledge and sales skills, initially specifically for our beauty consultants. In the future, we plan to expand the offering to other target groups, including our employees at the head offices across Europe.

By the end of 2025, we aim to achieve a download and registration rate of at least 75% for all store employees.

The platform also supports the integration of training from our global suppliers and optimizes the creation of regional and local learning content. In addition, we offer flexible development opportunities that are supported by our digital learning offerings to enable sustainable and individual growth.

#DOUGLASDIALOGUE

The #DOUGLASDialogue is our established annual feedback meeting that gives employees the opportunity to reflect on and develop their individual priorities and behavior with regard to DOUGLAS values and skills.

By the end of the 2025/26 financial year, the #DOUGLASDialogue will be introduced for all employees at headquarters and in the stores. This objective feedback process is based on the DOUGLAS competencies derived from our Purpose & Values. These competencies promote a work culture characterized by openness, appreciation and goal orientation, thus contributing to the individual development of employees and the success of the Company. The process has been established for years for the Group and the DACH corporate functions, for a number of years, it is linked to the annual salary increase process (SIP) and is gradually being introduced in all countries. The corresponding SAP SuccessFactors module will support the rollout in all countries.

In addition, we offer global leadership training to establish leadership standards internationally and promote the exchange of ideas on leadership challenges internationally. This gives our managers the space to reflect on themselves and continuously optimize their leadership work. Our managers play a key role in ensuring that Douglas creates an environment in which employees can develop their potential and actively contribute to the Company's success. Our latest Great Place to Work® (GPTW®) engagement survey was conducted at our headquarters as well as in Germany, Austria, Switzerland, France, the Czech Republic, Slovakia, Hungary, Croatia and Slovenia. Douglas was certified as a Great Place to Work® in all countries where the survey was conducted. We use the feedback from our employees to continuously develop as an organization. In addition, we gather the opinions of our employees through issue specific surveys (e.g. the Europe-wide survey "How is omnichannel already being lived in the DOUGLAS Group and where can we become even stronger?" with all employees from the corporate headquarters), and give our employees the opportunity to organize themselves in Employee Resource Groups.

3. Diversity, equality & inclusion as an integral part (Drive DE&I)

THE MANY WAYS OF MAKING (WORK) LIFE MORE BEAUTIFUL

DOUGLAS is committed to creating a working environment that promotes diversity, equal opportunities and inclusion and actively promotes these through clear priorities. At the heart of this is a culture of belonging that strengthens

collaboration and appreciation. As part of our ESG strategy, we have launched "Drive DE&I" as the cornerstone of our HR work, which promotes diversity, equal opportunities and inclusion across the Group.

An internationally applicable DE&I policy is intended to create the framework for our common orientation and at the same time enables our international teams to implement both local and international measures. The aim is always to tailor our processes for hiring, training and evaluating employees to the relevant customer groups.

In addition, we promote awareness of a working environment that appeals to underrepresented groups and offers them optimal working conditions.

WOMEN IN LEADERSHIP POSITIONS AT THE DOUGLAS GROUP

We are committed to promoting the appropriate representation of women in leadership positions. In the 2023/2024 fiscal year, 88% of leadership positions in the DOUGLAS Group were held by women, 97% of them in the stores and 61% in the offices. Leadership positions refer to all roles with managerial responsibility

Women in leadership positions			
As of September 30. 2024	Overall	Female mangers in offices	Female managers in stores
DACHNL	85%	53%	96%
France	90%	73%	97%
Southern Europe	89%	54%	95%
Central Eastern Europe	96%	78%	99%
Parfumdreams/ Niche Beauty	73%	36%	100%
Corporate functions	51%	51%	
Total female managers	**88%**	**61%**	**97%**

The first and second leadership levels are defined in accordance with the German Stock Corporation Act. Quotas must be set for female managing directors, for women on the Supervisory Board and in the two management levels. Once the company is listed on the stock exchange, the statutory quota of at least 30% women and at least 30% men on the Supervisory Board applies. The Supervisory Board has set target quotas for the Management Board, while the target quotas for the first and second leadership levels were determined by the Management Board.

Women in leadership funktions in the corporate functions			
As of September 30	2024	2023	Target ratio
Managing directors	0%	0%	0%
Supervisory Board	50%	50%	30%
First management level	40%	60%	
Second management level	44%	50%	

Further details on the composition of the Executive Board and the Supervisory Board can be found under "About DOUGLAS" on the company website: https://douglas.group/en/investors

4. Employer Branding & Employee Engagement (Grow Our Culture)

LET'S MAKE WORK MORE BEAUTIFUL.

Our culture at DOUGLAS is shaped by our corporate purpose "Make Life More Beautiful" and our values. This guiding principle is not only an inspiration, but also a promise that guides our daily interactions and HR initiatives.

To strengthen our corporate culture, we conduct our DOUGLAS Engagement employee survey in collaboration with Great Place to Work®. Since 2024, our headquarters in Germany and our country organizations in France, Hungary, the Czech Republic, Slovakia and Croatia have been certified as a Great Place To Work®. The aim of this initiative is to promote a positive workplace culture by listening to and valuing the opinions and needs of our employees and deriving measures from this to continuously improve ourselves as an employer. By the end of 2025, our goal is to roll out the employee survey further internationally so that all employees in our stores and central locations are surveyed.

A central component of our employer strategy is the standardization of our global presence through the campaign "THE PEOPLE BEHIND BEAUTY", which strengthens our identity as an employer, both internally and externally, and ensures uniform communication (imagery and messaging) on all career-relevant topics across all regions. In doing so, we promote the authenticity and individuality of our employees globally and at the same time emphasize our collective strength as a team and company.

Our employer branding activities are aimed specifically at tech and IT specialists, students in the context of dual study programs or apprenticeships and DOUGLAS as an international employer.

5. HR Digitalization

LET'S MAKE THE ORGANIZATION DEVELOP MORE EFFECTIVELY.

Our Group-wide HR digitalization strategy aims to modernize HR processes and standardize them internationally. The use of SAP SuccessFactors creates a consistent employee experience that promotes collaboration across national borders. Standardized processes ensure efficiency and enable fast support for our employees, especially in the stores.

Through digitalization, we are reducing administrative burdens and strengthening the strategic role of the HR department. This promotes the enhancement of our corporate culture and international understanding within the DOUGLAS Group.

Our goal is to integrate 80% of core HR processes into a digital system architecture that enables end-to-end process management. With the rollout of SAP SuccessFactors Employee Central (EC) in all 22 countries at the start of the new financial year, we have reached an important first milestone in HR digitalization.

6. PEOPLE KPIs

NUMBER OF EMPLOYEES IN FY 2023/2024

The following table shows the number of employees (headcount and FTE, including temporary employees, trainees and interns) for the 2023/2024 fiscal year as of September 30, 2024, broken down by segment, gender, employment type, and function. In the 2023/2024 fiscal year, people from 119 nations worked for the DOUGLAS Group. In order to meet the requirements at peak times, especially during the high season, we work with temporary staff.

Number of employees in FY 2023/2024								
As of September 30. 2024			thereof by gender		thereof by employment type		thereof by function	
including appretices	Headcount	FTE	Female	Male	Full-time	Part-tome	Stores	Office
DACHNL	8,133	4,762	95%	6%	27%	73%	89%	11%
France	3,503	3,157	96%	4%	74%	26%	91%	9%
Southern Europe	3,344	2,871	95%	5%	53%	47%	92%	8%
Central Eastern Europe	3,278	2,746	96%	4%	65%	35%	90%	10%
Parfumdreams/ Niche Beauty	399	322	80%	20%	59%	41%	35%	65%
Corporate functions	471	438	62%	38%	79%	21%	0%	100%
Total	**19,128**	**14,296**	**94%**	**6%**	**49%**	**51%**	**87%**	**13%**

We employ part-time staff at both Group and store level, although the proportion of part-time staff is significantly higher at store level. In line with our industry and due to the high proportion of female employees in the stores, the proportion of women in the overall workforce is traditionally very high. In the 2023/2024 financial year, around 94% of store employees and around 71% of office employees were female.

Age structure of DOUGLAS Group employees			
As of September 30. 2024	thereof by age		
	<30 years	30-50 years	>50 years
DACHNL	37%	37%	26%
France	39%	45%	15%
Southern Europe	21%	57%	21%
Central Eastern Europe	35%	56%	9%
Parfumdreams/ Niche Beauty	27%	50%	23%
Corporate functions	24%	57%	19%
Total	**34%**	**46%**	**20%**

The average age of employees in the 2023/2024 fiscal year was 38 years, while the average length of service within the DOUGLAS Group was 8.6 years. Our overall turnover rate in the 2023/2024 financial year was 19% at Group level, remaining stable over recent years and below the industry average.[1]

[1] Data has been audited with limited assurance. The turnover rate represents the number of employees who left DOUGLAS during the year. Calculated as the total number of departures that qualify as permanent employees in relation to the average headcount during the year. Apprentices, trainees and fixed-term employees are not included, while retirees and employees who leave during the probationary period or due to termination are counted as permanent employees. The industry average refers to the German retail sector (Reference: Fluctuation: Number of employment relationships started and terminated as well as employees subject to social security contributions and fluctuation coefficients in Germany by economic sector in 2022| Statista).

DOUGLAS on the capital market

Share price performance and relevant indices

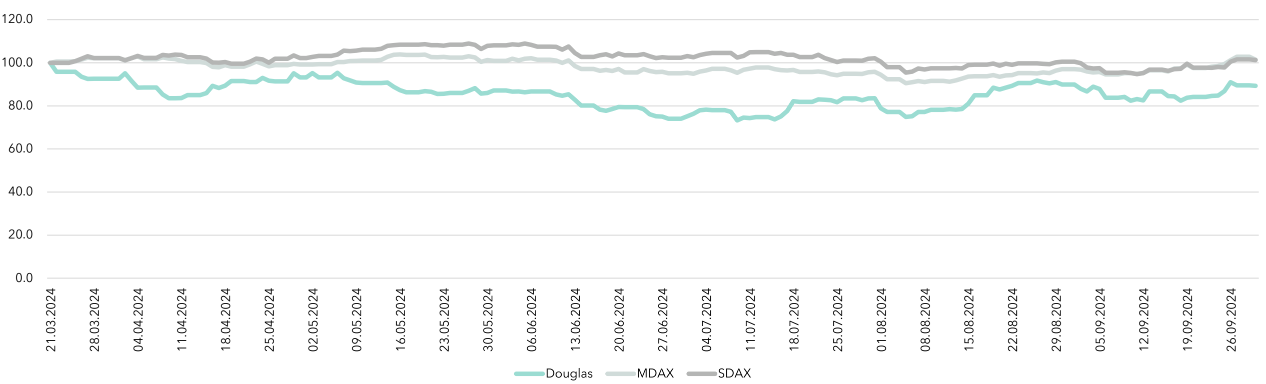
The reporting period since the Douglas shares were listed has been an eventful one for the German stock market, although the factors that had weighed on the market in the previous year, such as high inflation and the resulting rise in key interest rates, no longer weighed on the market. Instead, weakening inflation combined with hopes of interest rate cuts by central banks provided relief. As a result, Germany's leading index, the DAX, reached a new all-time high in the course of 2024. The interest rate cuts by the European Central Bank (ECB) contributed to the positive sentiment. Volatility, as measured by the VDAX, remained at a very low level during this period.

In August 2024, however, despite the expectation of further interest rate cuts by the ECB, there was a significant dampener when the central bank in Japan raised interest rates, which led to a strengthening of the yen and associated concerns about an end to growth in the export-oriented economy there. Carry trades, which were a popular instrument due to the stable low interest rates in Japan, were liquidated in the short term. The subsequent price slump in Japan affected all major stock exchanges worldwide. Fears also grew that the US Federal Reserve (Fed) would cut interest rates too late and thus slow down the economy. The VDAX jumped, directly reflecting the concerns of market participants. Further interest rate cuts by the ECB and the Fed then increased confidence and liquidity in the markets once again and led to new all-time highs with volatility falling again.

Rising geopolitical uncertainties were failed to have a negative impact on this overall positive development over the course of the year. Russia's war against Ukraine and the Gaza conflict continued, leading to concerns about further escalation in the region.

Supply chains and thus global economic development continued to be impacted by attacks by Houthi rebels on merchant ships in the Red Sea. This was compounded by a strike by thousands of port workers on the US East Coast, which blocked all flows of goods. Experts expected this to have a domino effect that could impact Europe and Asia into 2025. On the stock markets, this once again led to price falls and rising volatility.

SHARE PRICE PERFORMANCE SINCE LISTING (MARCH 21, 2024 – SEPTEMBER 30, 2024), INDEXED



The IPO of Douglas AG took place in this environment on March 21, 2024. With the VDAX at its lowest level on this day, a significant increase in uncertainty began, as described above, which lasted until mid-April 2024. Toward the middle of the year, some negative signals came from the industry, which meant that Douglas shares were unable to benefit from the general market euphoria.

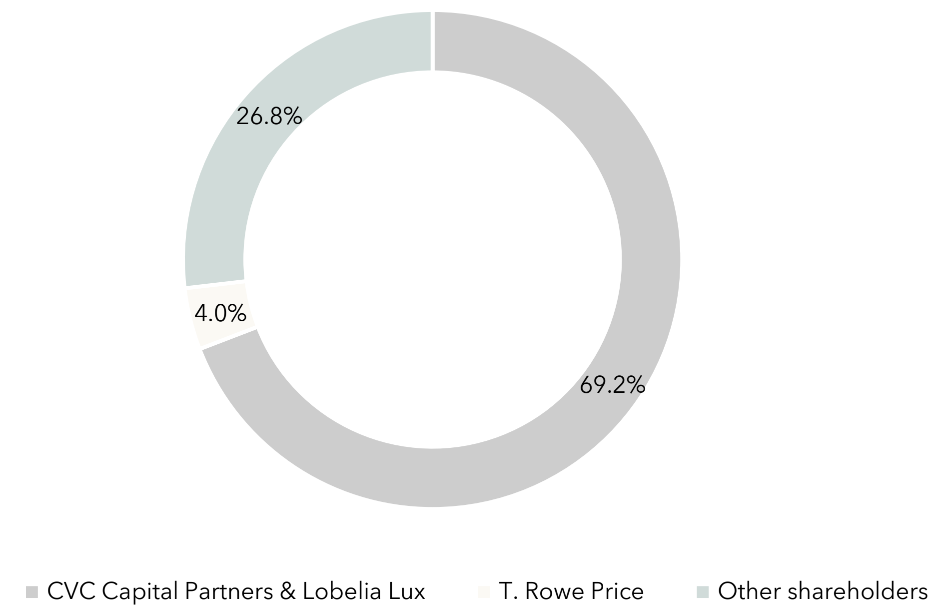
In June 2024, Douglas share was included in the SDAX selection index. The share price began to improve, albeit slowly but steadily, from mid-July 2024 after the company announced that it now expects net sales to increase by around 8.5% in the 2023/2024 financial year instead of growth of around 7%.

Nevertheless, Douglas shares had lost 10.7% by the end of the reporting period, while the MDAX and SDAX had gained 1.4% and 1.2% respectively.

Shareholder structure

Following the IPO and the associated capital increase through the issue of new shares, the proportion of existing shareholders fell significantly to a cumulative 68.6%. Further purchases by Lobelia Lux (Kreke family) increased this stake to 69.2% by the end of the financial year. In addition, T. Rowe Price acquired a 4.0% stake during the IPO. As a result, 26.8% of Douglas shares were in the free float of various shareholders as of the reporting date. The free float as defined by Deutsche Börse was 30.8% as of September 30, 2024.

SHAREHOLDER STRUCTURE AS OF SEPTEMBER 30 2024



Dialogue with the capital market

Since the IPO, Douglas has been the focus of an extended capital market public. Due to factors such as volatility on the stock markets, an open dialogue with investors and analysts and a consistent flow of information to all stakeholders were of central importance.

Douglas informed interested institutional investors at capital market conferences in Paris and London, roadshows in Frankfurt, London, Montreal and New York and in more than 120 one-on-one meetings about the strategy, business model, market, positioning, key financial figures and future prospects.

In quarterly telephone conferences, the Executive Board explained the current business performance and was available to answer questions from investors and analysts.

Douglas is regularly monitored by a total of seven financial analysts, who closely follow the regular publications and publish independent analyses. Both the Executive Board and Investor Relations are in constant contact with the financial analysts in order to create transparency and explain developments. As of the reporting date of September 30, 2024, all financial analysts recommended buying Douglas shares. No financial analyst gave a hold or sell recommendation.

Basic data on Douglas shares

ISIN	DE000BEAU7Y1
WKN	BEAU7Y
Ticker symbol	DOU
Number of shares	107,692,308
Market segment	Regulated market (Prime Standard)
Stock exchange	Frankfurt Stock Exchange
Currency	Euro (EUR)

Combined Management Report 2023/2024

Fundamentals of the Group

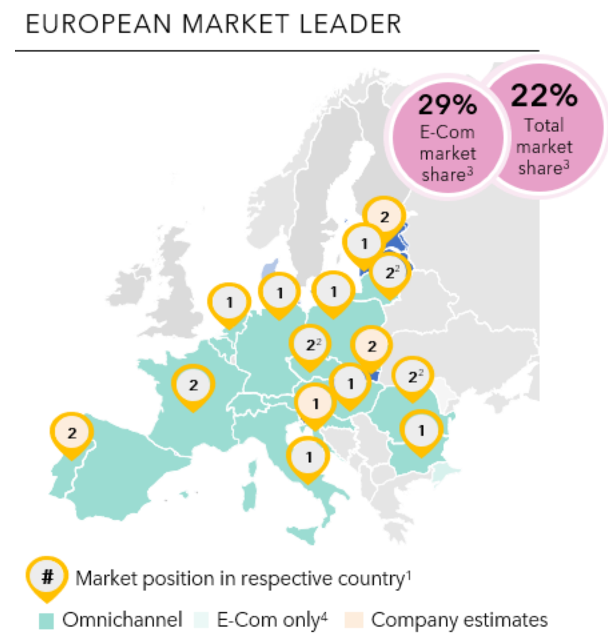
Business activities and Group structure

BUSINESS MODEL

As the DOUGLAS Group we are a leading omnichannel provider for "premium beauty" in Europe, with both our Stores and our E-Commerce channels. As a premium beauty retailer with headquarters in Düsseldorf and a physical presence in 22 European countries, we focus on the structurally growing and resilient premium beauty segment, i.e. the business with non-mass market products and brands, and offer our customers a comprehensive and curated assortment of branded products, including selective, exclusive and corporate own brands. Our assortment mainly consists of products in the five product categories perfume, color cosmetics, skincare, haircare and accessories. Additionally,, we offer various types of beauty services in our stores

Our omnichannel business model focuses on enabling our customers to shop across all available customer contact channels. We operate a store network of 1,884 stores (as of September 30, 2024) under the Douglas and Nocibé brands as well as an E-Commerce business including our apps. We also operate two German-based online-only beauty retailers with an international reach: Parfumdreams, through which we aim to serve price-sensitive customers in Europe, and Niche Beauty, which targets the high-end luxury niche.

The following chart provides an overview of our competitive positions in Europe in 2022 (source: OC&C Report, unless otherwise stated):



Source: Company information, OC&C analysis (2023)

1) Market positions based on market shares. Market shares represent shares for the premium segment of the market excl. hair care; for 5 largest countries (i.e., DE, NL, FR, IT and PL) the assessment in terms of market shares & position is based on retail sales value; for CEE markets (i.e., Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, and Romania) market shares & position is based on relative spend per player in the OC&C consumer survey (2023), triangulated with DOUGLAS Group retail sales value; data available for selected leading beauty retailers per market; based on OC&C analysis (2023) for 2022 2) Within top 1-2 in the respective country 3) Premium beauty market share across DOUGLAS Group largest 5 countries (DE, NL, FR, IT and PL) in 2022 (excl. hair care), based on retail sales value 4) Excluding E-Commerce destinations via Niche Beauty (90 in total incl. Niche Beauty)

We offer our customers a range of selective premium brands, for which the manufacturers must have permission to distribute, exclusive brands that are only available at DOUGLAS, as well as the company's own brands at competitive prices. Our Beauty Card loyalty program comprises approximately 59 million Beauty Card members as of September 30, 2024. In the 2023/2024 fiscal year, we generated sales of EUR 4,451.0 million (previous year: EUR 4,093.9 million) and an Adjusted EBITDA of EUR 808.6 million (previous year: EUR 725.9 million), which corresponds to growth of 8.7% in the 2023/2024 fiscal year. As a percentage of sales in the 2023/2024 financial year, store sales amounted to 67.4% and E-Commerce sales to 32.6%.

MANAGEMENT OF THE GROUP

The Management Board of Douglas AG is responsible for defining the corporate strategy and making business decisions for the DOUGLAS Group. With the aid of internal reporting, the Management Board of Douglas AG meets once a week to discuss and decide on operational and strategic issues. The Group is managed on the basis of the framework derived from the strategic planning process for the Group and the business segments, which is translated into operational plans and specific targets in the annual budgeting process. The achievement of plans and targets is monitored through the ongoing review of business development in the Group, the business segments and the sales channels on the basis of management and performance indicators. In doing so, the Management Board pays particular attention to the following key financial performance indicators:

→ Sales,

→ Adjusted EBITDA and

→ Average net working capital as a percentage of sales.

These performance indicators are reflected both in the DOUGLAS Group's annual planning and in medium-term planning (two further planning years).

During the 2023/2024 fiscal year, the internal control and management reporting was changed so that adjustments to sales were no longer reported. In the previous year, the adjustments to sales for the DOUGLAS Group amounted to EUR 2.9 million and related exclusively to the Southern Europe reporting segment. Due to the immateriality of the adjustments to sales, there were no discernible effects. Furthermore, the "average net working capital as a percentage of sales" was added as a further key financial performance indicator in the year under review, following the DOUGLAS Group's management of its business. Comparative information has been adjusted accordingly.

Sales

Sales are defined as sales in accordance with IFRS 15 from the sale of goods, services rendered to external customers and commission income, less sales tax and sales deductions such as rebates or discounts. The development of sales is the main indicator for the successful implementation of the DOUGLAS Group's growth strategy and therefore a key parameter for measuring our corporate success.

Adjusted EBITDA

Adjusted EBITDA is used as a key indicator to measure the operating profitability of the DOUGLAS Group, in particular to show profitability free of company-specific financing activities, depreciation and amortization and effects from different tax systems and without taking into account effects that, in the opinion and decision of our management, are not regularly recurring, exceptional or unsuitable for internal management purposes.

We categorize these adjustment items as follows: (i) purchase price allocations (PPA); (ii) restructuring costs (personnel-related) and severance payments; (iii) consulting costs; (iv) other adjustments; (v) inventory write-downs (vi) Store Optimization Program (SOP) and (vii) Initial Public Offering (IPO).

Average net working capital as a percentage of sales

Net working capital (NWC) is an important indicator of operating cash generation and capital efficiency and is used for the DOUGLAS Group's short-term liquidity management. The development of net working capital is a key factor for the DOUGLAS Group's operating cash flow. The average net working capital as a percentage of sales reflects the profitability of the net working capital employed. This key figure was determined for the first time in the reporting year as the (further) most significant financial performance indicator.

The average net working capital as a percentage of sales is calculated as the arithmetic mean of the net working capital of the last thirteen month-end values, whereby the first and last month-end values are added together and weighted at half, divided by the sales of the last twelve months of a reporting period.

We define net working capital as the sum of (i) inventories, (ii) trade receivables and receivables from payment service providers, (iii) trade payables and (iv) receivables and payables in connection with supplier receivables for discounts/bonuses and marketing subsidies as well as outstanding voucher liabilities and other operating receivables and liabilities.

OVERVIEW OF THE GROUP STRUCTURE

The DOUGLAS Group's reportable segments in accordance with IFRS 8 are:

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

The online pharmacy business, which was operated via Disapo, was sold in the past financial year.

Economic report

Economic environment and sector development

ECONOMIC ENVIRONMENT

In the 2023/2024 financial year, the global economic outlook brightened somewhat compared to the previous year. Global economic growth was stable. Falling energy prices in particular contributed to inflation falling faster than originally assumed. However, there is still no strong global economic upturn. Although the after-effects of the Covid pandemic, which were still noticeable in the previous year, have disappeared, new challenges have arisen due to problems in the supply chains. The eurozone continues to face economic and geopolitical challenges. The ECB cut its key interest rates by 25 basis points in October 2024, following cuts in June and September.

In the fourth quarter of the 2023 calendar year, seasonally adjusted gross domestic product (GDP) remained unchanged in both the eurozone and the EU. Previously, in the third quarter of the same calendar year, GDP in the eurozone had recorded a slight decline of 0.1%, while it remained stable in the EU. A look at the corresponding quarter of the previous year shows that seasonally adjusted GDP rose by 0.1% in the euro area and by 0.2% in the EU in the fourth quarter of 2023. In the previous quarter, growth of 0.1% was recorded in both regions[2]. The positive trend continued at the start of the 2024 calendar year. In the first quarter of calendar year 2024, seasonally adjusted GDP in both the eurozone and the EU rose by 0.3% compared to the previous quarter. Compared to the same quarter of the previous year, growth amounted to 0.4% in the eurozone and 0.5% in the EU[3]. Growth also continued in the second quarter of calendar year 2024, albeit at a slightly slower pace. Seasonally adjusted GDP rose by 0.2% in both the eurozone, and the EU compared to the previous quarter. Compared to the same quarter of the previous year, seasonally adjusted GDP rose by 0.6% in the eurozone and by 0.8% in the EU[4]. While economic output in one of the largest countries for DOUGLAS, Germany, stagnated, the other largest European countries for DOUGLAS, the Netherlands (+0.8%), France (+1.0%), Italy (+0.9%) and Poland (+4.0%), recorded positive economic growth[5]. In summary, despite some challenges, the financial year 2023/2024 led to a general stabilization of the European economy, with clearly visible signs of recovery and progressive growth. Compared to the previous year in particular, there has been a moderate but steady improvement in the economic situation in the eurozone and the EU.

While the partly higher energy and commodity prices caused inflation rates to rise significantly in the previous year and therefore had a negative impact on consumer sentiment, inflation rates in the European economic area have fallen considerably in the current year. In September 2024, the annual inflation rate in the eurozone fell to 1.7%, down from 2.2% in August 2024. By contrast, the rate in September of the previous year was 4.3%. In the European Union, the annual inflation rate fell to 2.1% in the same month, compared to 2.4% in August 2024. A year earlier, it was still at 4.9%. In September 2024, the inflation rates in our core countries were as follows Germany (1.8%), the Netherlands (3.3%), France (1.4%), Italy (0.7%) and Poland (4.2%).[6]

Consumer confidence recovered slightly over the course of the 2023/2024 financial year. While consumer confidence was still at -15.2 points in the EU and -14.9 points in the eurozone in March 2024, consumer confidence in the European Union rose to -11.2 points in September 2024, bringing consumer confidence in the EU back to its long-term average

[2] https://ec.europa.eu/eurostat/de/web/products-euro-indicators/-/2-08032024-ap

[3] https://ec.europa.eu/eurostat/de/web/products-euro-indicators/-/2-08032024-ap

[4] https://ec.europa.eu/eurostat/de/web/products-euro-indicators/-/2-08032024-ap

[5] https://ec.europa.eu/eurostat/de/web/products-euro-indicators/-/2-08032024-ap

[6] https://ec.europa.eu/eurostat/de/web/products-euro-indicators/-/2-08032024-ap

for the first time since February 2022. In the eurozone, the indicator was still slightly below the long-term average at -12.5 points.[7]

INDUSTRY DEVELOPMENT

According to a study by McKinsey, retail sales in the global beauty market rose to 446 billion US dollars in 2023, an increase of 10 percent compared to 2022[8]. The industry - consisting of fragrances, make-up, skincare and haircare - has exceeded expectations and outperformed other consumer sectors such as apparel. The European premium beauty market in particular has proven to be extremely resilient. This development illustrates the continuing demand for high-quality beauty products despite economic uncertainties.

In the 2023/2024 fiscal year, the premium beauty market in DOUGLAS' largest countries - Germany, France, Italy, the Netherlands and Poland - recorded growth of 8.4% compared to the previous year. Double-digit growth rates were recorded in Poland (+20.5%), Italy (+11.0%) and the Netherlands (+10.3%). In Germany, the growth rate was +6.8%, in France +5.8%.[9]

Hair care was the fastest-growing category in the premium beauty market in the 2023/2024 financial year, with growth of 22.2%. Decorative cosmetics (+11.4%), fragrances (+7.6%) and skincare (+6.0%) also recorded market growth in the largest DOUGLAS countries. Fragrances account for over 50% of the premium beauty market, decorative cosmetics for around a quarter and skincare for over 20%.[10]

Overall assessment of the DOUGLAS Group

Due to the significant increase in sales, which was in line with the original planning, and the strong increase in earnings, which exceeded the original planning, the Management Board considers the DOUGLAS Group's overall performance to be extremely satisfactory.

The DOUGLAS Group closed the 2023/2024 fiscal year with record sales of EUR 4,451.0 million. This exceeded the previous year's figure by EUR 357.1 million or 8.7%. The significant growth is attributable to both the brick-and-mortar business and the online business.

Adjusted EBITDA rose by EUR 82.7 million from EUR 725.9 million in the previous year to EUR 808.6 million in the reporting year, which corresponds to a disproportionately high increase of 11.4%.

As part of the corporate strategy 'Let it bloom - DOUGLAS 2026', the DOUGLAS Group is on an expansionary course in the fiscal year, which was reflected in the increase in the number of stores by 38 to 1,756 own stores.

Thanks to forward-looking planning and inventory management, the DOUGLAS Group's product availability and delivery times were at the desired level during the financial year. In particular, the availability of highly sought-after brands ensured that demand could be met at all times. Due to lower inflation, price increases on the supplier side were lower than in previous years and were once again within the normal range. We were able to pass these price increases on to our customers.

The DOUGLAS Group's operating business is financed from free cash flow. Free cash flow rose from EUR 480.6 million in the previous year to EUR 524.0 million in the year under review. According to the Group's current liquidity planning,

[7] https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/latest-business-and-consumer-surveys_en?prefLang=de&etrans=de

[8] McKinsey study "The Beauty Boom and Beyond: Can the Industry Maintain Its Growth?"

[9] Sources: DE, FR, IT – Circana; NL – Nielsen IQ; PL – Market Vector; per 30.09.2024

[10] Sources: DE, FR, IT – Circana; NL – Nielsen IQ; PL – Market Vector; per 30.09.2024

the available financial resources are sufficient at all times to meet all of the Group's payment obligations as they fall due within the next 12 months.

The carrying amounts of non-current assets in the form of other intangible assets and property, plant and equipment are covered by the carrying amounts of the medium and long-term financial liabilities in the form of the bank syndicated loan. In addition, the DOUGLAS Group has access to the revolving credit facility in the amount of EUR 350 million (the RCF was not drawn as of the balance sheet date in terms of liquidity but was utilized through collateral in the form of rental guarantees in the amount of EUR 10.5 million).

Comparison of the forecast with actual business performance

The forecasts at Group level reported in the Group management report for the previous year 2022/2023 were achieved for sales and exceeded for adjusted EBITDA.

	Expectation for the 2023/2024 financial year in accordance with the previous year's Group management report	Actual 2023/2024
Sales	Significant growth	+8.7% (significant growth)
Adjusted EBITDA	Significant growth	+11.4% (strong growth)

At **Group level**, it was reported in the previous Group management report for the previous year 2022/2023 as a **condensed overall forecast** that sales would grow significantly, and adjusted EBITDA would increase substantially. Sales grew significantly and adjusted EBITDA rose sharply. The forecast for sales reported in the previous Group management report was therefore achieved and the forecast for adjusted EBITDA was exceeded.

The following picture emerged for the **reporting segments**:

A "significant increase in sales " and a "significant increase in adjusted EBITDA" were forecast for **DACHNL**. Both forecasts for sales and adjusted EBITDA were exceeded, with both performance indicators increasing significantly.

A "significant increase in sales " and a "slight increase in adjusted EBITDA" were expected for **France**. Both forecasts were not met, sales rose solidly, and adjusted EBITDA fell slightly.

A "significant increase in sales" and a "sharp rise in adjusted EBITDA" were forecast for **Southern Europe**. Both forecasts were achieved.

"Strong growth in sales" and "strong growth in adjusted EBITDA" were expected for **Central Eastern Europe**. Both forecasts were met.

For the **Parfumdreams/Niche Beauty** reporting segment, "strong growth in sales " and a "strong increase in adjusted EBITDA" were forecast. The forecast for sales was met. The forecast for adjusted EBITDA was not met, adjusted EBITDA rose solidly.

Overview of the 2023/2024 financial year

INCREASE IN SALES OF EUR 357.1 MILLION FROM EUR 4,093.9 MILLION TO EUR 4,451.0 MILLION

→ Increase in sales by 8.7% to EUR 4,451.0 million

→ 8.2% increase in store business to EUR 2,999.5 million

→ E-Commerce sales increase by 9.8% to EUR 1,451.4 million

ADJUSTED GROUP EBITDA INCREASED BY EUR 82.7 MILLION FROM EUR 725.9 MILLION TO EUR 808.6 MILLION

→ Increase in adjusted EBITDA by EUR 82.7 million or 11.4% to EUR 808.6 million

→ Increase in EBITDA by EUR 47.3 million or 6.9% to EUR 730.3 million

→ Increase in adjustments by EUR 35.4 million to EUR 78.3 million, mainly due to one-off costs in connection with the IPO and risk provisioning for legal disputes in connection with a squeeze-out of former minority shareholders

AVERAGE GROUP NET WORKING CAPITAL AS A PERCENTAGE OF SALES INCREASED FROM 5.2% TO 5.3

→ Average net working capital rose by EUR 22.9 million from EUR 211.6 million to EUR 234.4 million, due in particular to higher average inventories and increased trade receivables, partially offset by higher average trade payables and increased gift voucher liabilities. The increase was slightly disproportionate and in line with the increase in the DOUGLAS Group's sales of EUR 357.1 million.

FINANCING AND CAPITAL STRUCTURE

→ Cash and cash equivalents of EUR 98.9 million (previous year: EUR 262.3 million); Revolving Credit Facility (RCF) was not utilized in terms of liquidity as at the balance sheet date (previous year's balance sheet date)

→ Free cash flow at EUR 524.0 million (previous year: EUR 480.6 million)

→ Douglas net debt (non-debt) at EUR 2,286.8 million (previous year: EUR 3,423.6 million)

→ Leverage ratio (expressed as net debt/adjusted EBITDA) at 2.8x (previous year 4.7x)

Business performance and result

SALES, ADJUSTED EBITDA AND AVERAGE NET WORKING CAPITAL AS A PERCENTAGE OF SALES

Sales

The **DOUGLAS Group** generated consolidated sales of EUR 4,451.0 million in the 2023/2024 fiscal year, which corresponds to an increase of 8.7% compared to the previous year (2022/2023: EUR 4,093.9 million).

This makes it the strongest sales year in the history of the DOUGLAS Group. All reporting segments contributed to this growth with a positive performance, particularly the DACHNL (+10.7%) and CEE (+17.2%) segments. While the branch business increased by 8.2% compared to the previous year, sales in the online business rose by 9.8%. This means that 67.4% of sales were generated in the store business and 32.6% in the online business.

The sales growth of 8.7% is mainly the result of a sharp increase in the number of visitors to **the stores** that the DOUGLAS Group welcomed, a large number of whom DOUGLAS was able to convert into customers. Sales per transaction in the store business remained stable compared to the previous year.

In the **online business**, the DOUGLAS Group recorded a strong increase in the number of customers in its online stores. Due to a sharp increase in sales per transaction compared to the previous year, sales rose from EUR 1,322.4 million in the previous year to EUR 1,451.4 million, which corresponds to an increase of 9.8%.

Reconciliation of the reporting segments' sales to the Group's sales:

	01.10.2023-30.09.2024 million EUR	01.10.2022-30.09.2023 million EUR
Sales of the reporting segments	4.419,4	4.039,0
Sales included in the reconciliation to the Group	31,8	56,1
Consolidation effects	-0,2	-1,1
Sales	**4.451,0**	4.093,9

Overview of sales and own stores at reporting segment level:

	Sales		Stores	
	01.10.2023 - 30.09.2024 million EUR	01.10.2022 - 30.09.2023 million EUR	30.09.2024 Quantity	30.09.2023 Quantity
DACHNL	2.073,1	1.871,9	470	466
France	838,2	813,5	432	427
Southern Europe	665,8	625,6	502	497
Central-East Europe	652,1	556,4	334	310
Parfumdreams/Niche Beauty	190,2	171,6	18	18
Total of the reporting segments	**4.419,4**	4.039,0	**1.756**	1.718

Sales in the largest segment, **DACHNL**, amounted to EUR 2,073.1 million, representing an increase of 10.7% compared to the previous year's sales of EUR 1,871.9 million. Both the store business and the online business contributed to this growth.

Sales in the store business recorded significant growth of 8.2%, which we attribute to new openings, renovations and a sharp increase in visitor numbers. This also resulted in more customers. Price increases also contributed to sales growth. The average shopping basket increased compared to the previous year, while the number of items per shopping basket fell slightly.

The strong growth in the online business was also supported by passing on price increases to customers. In addition, the online business benefited from a significant increase in customers with higher average shopping baskets.

In **France**, the second-largest segment, sales rose from EUR 813.5 million in the previous year to EUR 838.2 million in the current financial year (+3.0%). Growth was achieved in both the store and online business.

The strong growth in the stores resulted in particular from a sharp increase in visitor numbers, boosted by the reopening of renovated stores, as well as a sharp rise in the average basket value as a result of price increases.

The online business showed similar trends and benefited from stable customer numbers and a significant increase in the average shopping basket.

The **Southern Europe** segment achieved an increase in sales from EUR 625.6 million to EUR 665.8 million (+6.4%). This growth was driven by a significant increase in sales in the store business, which was attributable to a sharp rise in visitor numbers (also in the context of the renovations completed in the previous year). This more than compensated for the sharp fall in average shopping baskets.

However, a different picture emerged in the online business. A slight decline in sales was primarily driven by the focus on profitable sales and slightly lower customer numbers in the online stores. This could not be compensated for by a significant increase in average shopping baskets.

The DOUGLAS Group's highest growth rates were achieved in the **Central-East Europe** segment. Sales rose from EUR 556.4 million to EUR 652.1 million, which corresponds to an increase of 17.2%. The growth rates were achieved in both the store and online business, with growth in the online business (+20.3%) exceeding that of the store business (+16.4%). The store business benefited from a sharp increase in the number of visitors and the acquisition of new customers (also in the context of new openings and completed renovation measures). The average shopping basket also increased significantly in the current financial year.

In the online business, customer numbers rose sharply and the average shopping basket increased significantly, leading to a sharp rise in sales.

The **Parfumdreams/Niche Beauty** segment recorded an increase in sales of 10.8%, with sales rising from EUR 171.6 million in the previous year to EUR 190.2 million in the current financial year. This growth is based on a strong increase in the number of customers and a significant increase in the average shopping basket compared to the previous year.

Adjusted EBITDA

The DOUGLAS Group's adjusted EBITDA rose by 11.4%, increasing from EUR 725.9 million to EUR 808.6 million. This positive development is attributable to several factors. For example, a higher gross margin was achieved. In addition, marketing costs remained stable in relation to sales. Another positive factor was that personnel costs remained constant in relation to sales. The logistics cost ratio also remained constant, so that the higher gross margin was translated into a higher EBITDA margin.

Overview of sales, EBITDA, adjustments and adjusted EBITDA at reporting segment level:

		DACHNL		France	
		01.10.2023-30.09.2024	01.10.2022-30.09.2023	01.10.2023-30.09.2024	01.10.2022-30.09.2023
Sales	million EUR	2.073,1	1.871,9	838,2	813,5
Internal sales	million EUR	20,7	2,5	1,3	1,0
External sales	million EUR	2.052,4	1.869,4	836,9	812,5
EBITDA	million EUR	445,1	384,9	171,9	182,2
EBITDA margin	%	21,5	20,6	20,5	22,4
Adjustments to EBITDA	million EUR	11,1	14,2	4,3	-4,4
Adjusted EBITDA	million EUR	456,2	399,1	176,2	177,7
Adjusted EBITDA margin	%	22,0	21,3	21,0	21,8

		Southern Europe 01.10.2023-30.09.2024	01.10.2022-30.09.2023	Central-East Europe 01.10.2023-30.09.2024	01.10.2022-30.09.2023
Sales	million EUR	665,8	625,6	652,1	556,4
Internal sales	million EUR	1,3	0,2	1,3	0,8
External sales	million EUR	664,5	625,4	650,9	555,6
EBITDA	million EUR	147,2	123,9	169,7	152,2
EBITDA margin	%	22,1	19,8	26,0	27,4
Adjustments to EBITDA	million EUR	-0,6	5,1	1,5	-0,7
Adjusted EBITDA	million EUR	146,6	129,0	171,2	151,5
Adjusted EBITDA margin	%	22,0	20,6	26,2	27,2

		Parfumdream s/Niche Beauty 01.10.2023-30.09.2024	01.10.2022-30.09.2023	Total reporting segments 01.10.2023-30.09.2024	01.10.2022-30.09.2023
Sales	million EUR	190,2	171,6	4.419,4	4.039,0
Internal sales	million EUR	0,0	0,0	24,5	4,4
External sales	million EUR	190,2	171,6	4.394,8	4.034,5
EBITDA	million EUR	8,0	6,8	942,0	850,0
EBITDA margin	%	4,2	4,0	21,3	21,0
Adjustments to EBITDA	million EUR	-1,1	0,0	15,2	14,2
Adjusted EBITDA	million EUR	7,0	6,8	957,1	864,2
Adjusted EBITDA margin	%	3,7	4,0	21,7	21,4

In the **DACHNL** segment, adjusted EBITDA rose from EUR 399.1 million to EUR 456.2 million, which corresponds to an increase of 14.3%. This growth is mainly due to strong sales growth and a simultaneous improvement in the gross profit margin. Together with a reduction in personnel costs in relation to sales, Adjusted EBITDA therefore increased more strongly than sales.

In the **France** segment, adjusted EBITDA fell by 0.9% from EUR 177.7 million to EUR 176.2 million. This decline is attributable to a lower gross profit margin and a higher personnel expense ratio due to wage and salary increases.

The **Southern Europe** segment achieved the second-largest percentage growth in adjusted EBITDA at 13.6%, with adjusted EBITDA rising from EUR 129.0 million to EUR 146.6 million. The increase in adjusted EBITDA is due in particular to the rise in sales and the higher gross profit margin. Income from advertising subsidies also increased sharply and personnel expenses fell slightly in relation to sales, which meant that adjusted EBITDA increased more significantly than sales.

In the **Central Eastern Europe** segment, adjusted EBITDA increased from EUR 151.5 million to EUR 171.2 million (+13.0%). While other operating expenses remained stable in relation to sales, the gross profit margin deteriorated. Despite wage and salary increases, personnel costs remained stable in relation to sales.

The **Parfumdreams/Niche Beauty** segment increased its adjusted EBITDA by +2.1% from EUR 6.8 million to EUR 7.0 million. Although sales increased compared to the previous year, the gross profit margin decreased compared to the

previous year's level. Driven by lower personnel costs, a lower marketing cost ratio and a lower logistics cost ratio, other operating expenses improved in relation to sales.

Reconciliation of the adjusted EBITDA of the reporting segments to the EBITDA of the Group:

	01.10.2023-30.09.2024 million EUR	01.10.2022-30.09.2023 million EUR
Adjusted EBITDA of the reporting segments	957,1	864,2
Adjusted EBITDA of the reconciliation to the DOUGLAS Group	-148,6	-136,4
Consolidation effects	0,1	-1,9
Adjusted EBITDA	808,6	725,9
Purchase price allocation (PPA)	-0,3	-2,2
Restructuring costs (personnel-related) and severance payments	2,6	3,5
Consulting expenses	10,7	9,5
Other adjustments	33,0	14,5
Store Optimization Program (SOP)	-2,3	-1,5
Initial Public Offering (IPO)	34,6	19,1
Adjustments to EBITDA	78,3	42,9
EBITDA	730,3	683,0

In the 2023/2024 financial year, other adjustments related in particular to risk provisions for legal disputes in connection with a squeeze-out of former minority shareholders in the amount of EUR 15.5 million (previous year: EUR 0.0 million), start-up costs in connection with our strategic logistics project OWAC in the amount of EUR 6.7 million (previous year: EUR 15.4 million) and the Disapo disposal loss in the amount of EUR 5.5 million (previous year: EUR 0.0 million).

Further information on this can be found in the notes to the consolidated financial statements under "Segment reporting".

Average net working capital as a percentage of sales

In the reporting year, the average Group net working capital as a percentage of sales rose from 5.2% to 5.3%.

The average net working capital at DOUGLAS Group level rose by EUR 22.9 million to EUR 234.4 million in the 2023/2024 fiscal year, in particular due to higher average inventories and increased trade receivables, partially offset by higher average trade payables and increased gift voucher liabilities. The increase was slightly disproportionate and in line with the increase in the DOUGLAS Group's sales of EUR 357.1 million.

In the **DACHNL** reporting segment, the average net working capital as a percentage of sales fell from -0.5% to -1.0%. While sales increased by EUR 201.2 million, average net working capital fell by EUR 12.3 million to EUR -21.6 million.

In the **France** region, average net working capital as a percentage of sales rose by 1.5 percentage points from 7.4% to 9.0%. With an increase in average net working capital of EUR 14.8 million, this rose disproportionately to sales, which grew by EUR 24.7 million.

In the **Southern Europe** segment, average net working capital as a percentage of sales rose by 0.3 percentage points from 7.4% to 7.8%. In the reporting year, sales increased by EUR 40.2 million, and the average net working capital rose by EUR 5.3 million, disproportionately to sales.

In the **Central Eastern Europe** segment, average net working capital as a percentage of sales fell by 0.7 percentage points from 16.6% to 15.9%. In the reporting year, sales increased by EUR 95.8 million, while average net working capital recorded a disproportionately low increase of EUR 11.4 million.

In the **Parfumdreams/Niche Beauty** reporting segment, average net working capital as a percentage of sales fell by 3.9 percentage points from 14.2 % to 10.3 %. While sales increased by EUR 18.6 million, average net working capital fell disproportionately to sales by EUR 4.7 million to EUR 19.7 million.

Earnings situation

	01.10.2023-30.09.2024 million EUR	01.10.2022-30.09.2023 million EUR
Sales	4.451,0	4.093,9
Expenses for raw materials, consumables and supplies and for purchased goods	-2.415,0	-2.237,2
Gross profit	**2.036,0**	**1.856,8**
Other operating income	294,2	280,4
Personnel expenses	-679,8	-644,7
Other operating expenses	-920,1	-809,5
EBITDA	**730,3**	**683,0**
Depreciation/amortization/impairment	-346,9	-345,9
EBIT	**383,5**	**337,1**
Financial income	51,0	55,1
Financing costs	-352,0	-326,9
Financial result	**-301,0**	**-271,7**
EBT	**82,5**	**65,3**
Taxes on income and earnings	1,6	-48,7
Profit (+) or loss (-) for the period	84,0	16,7

In relation to sales, the DOUGLAS Group achieved a disproportionately low increase in the **cost of purchased goods** (EUR 2,415.0 million versus EUR 2,237.2 million in the previous year), which led to a 9.7% increase in gross profit from EUR 1,856.8 million to EUR 2,036.0 million and an increase in the gross profit margin from 45.4% to 45.7%.

The adjustments to EBITDA allocated to the cost of purchased goods amounted to EUR 3.0 million in the reporting year (increasing expenses) and were related to previous store network optimization programs (SOP).

Other operating income rose sharply from EUR 280.4 million to EUR 294.2 million. This increase was mainly driven by higher advertising subsidies.

The adjustments to EBITDA allocated to other operating income amounted to EUR 10.7 million in the reporting year and mainly resulted from reversals of impairment losses and provisions for previously adjusted items and SOP.

Personnel expenses amounted to EUR 679.8 million in the reporting year (previous year: EUR 644.7 million). The increase is primarily due to the IPO and the associated special payments. DOUGLAS also employed more temporary staff in the Christmas quarter than in the previous year. In addition, the salary trend contributed to higher personnel costs, with the personnel expense ratio falling from 15.7% in the previous year to 15.3%.

The adjustments to EBITDA allocated to personnel expenses amounted to EUR 29.9 million in the year under review and were mainly related to the expenses of the IPO of Douglas AG including associated management incentive programs.

Other operating expenses amounted to EUR 920.1 million in the financial year, compared to EUR 809.5 million in the previous year. The increase of EUR 110.7 million is mainly due to higher marketing costs and higher IT costs. This item also includes non-personnel-related expenses in connection with the IPO of Douglas AG.

The adjustments to EBITDA allocated to other operating expenses amounted to EUR 62.1 million in the fiscal year and were mainly attributable to the IPO of Douglas AG, the risk provision for legal disputes in connection with a squeeze-out of former minority shareholders, the implementation of the DOUGLAS Group strategy 'Let It Bloom', start-up costs in connection with our strategic logistics project OWAC and the loss on disposal from the sale of Disapo.

EBITDA for the reporting period amounted to EUR 730.3 million (previous year: EUR 683.0 million), which corresponds to an increase of EUR 47.3 million or 6.9% compared to the previous year. The **adjustments** to EBITDA totaled EUR 78.3 million (previous year: EUR 42.9 million), meaning that **adjusted EBITDA** amounted to EUR 808.6 million (previous year: EUR 725.9 million).

Depreciation, amortization and impairments for the 2023/2024 financial year amounted to EUR 346.9 million and were therefore roughly on a par with the previous year's figure of EUR 345.9 million. While amortization of right-of-use assets from leases increased by EUR 10.0 million in the reporting year, no goodwill was impaired (previous year: EUR 12.4 million).

The **financial result** for the 2023/2024 financial year amounted to EUR -301.1 million (previous year: EUR -271.7 million). The negative change of EUR 29.3 million compared to the previous year is mainly due to the net disposal loss of the embedded options, which were part of the financing redeemed as part of the IPO in April 2024, in the amount of EUR 31.6 million (previous year: offsetting net valuation income of EUR 31.6 million).

Financial position

PRINCIPLES AND OBJECTIVES OF FINANCIAL ACTIVITIES

The management of liquidity, centralized financing and the hedging of financial risks continue to be of great importance to the DOUGLAS Group. The Group's financial management is centralized at the level of Douglas AG. The objective is to optimally cover the DOUGLAS Group's financial requirements via the banking and capital markets and by utilizing internal Group cash pool structures, to minimize financing costs and risks, and thus to ensure the Group's solvency at all times.

Further explanations can be found in the notes to the consolidated financial statements in the note "Management of financial risks".

CAPITAL STRUCTURE AND FINANCING

On the liabilities side of the balance sheet, non-current liabilities amounted to EUR 2,294.3 million (previous year: EUR 4,371.4 million), of which EUR 1,240.0 million (previous year: EUR 3,236.1 million) was attributable to non-current financial liabilities in the form of bank loans (previous year: bonds, bank loans and shareholder loans) and EUR 868.0 million (previous year: EUR 875.3 million) to non-current lease liabilities.

Current liabilities amounted to EUR 1,424.4 million as at the reporting date (previous year: EUR 1,380.3 million) and mainly comprised trade payables of EUR 657.2 million (previous year: EUR 617.6 million), current lease liabilities of EUR 257.7 million (previous year: EUR 224.7 million) and liabilities from gift vouchers not yet redeemed of EUR 166.4 million (previous year: EUR 161.6 million, current provisions of EUR 102.8 million (previous year: EUR 89.0 million) and tax liabilities of EUR 68.6 million (previous year: EUR 77.4 million).

In March 2024, Douglas AG concluded a financing agreement with a banking consortium for Group refinancing after the IPO totaling EUR 1.6 billion. The agreement comprises a long-term syndicated loan (Facility B) in the amount of EUR 800.0 million, a bridge loan (Facility A) in the amount of EUR 450.0 million and a revolving credit facility (RCF) in the amount of EUR 350.0 million. The new financing agreement came into force with the drawing on April 15, 2024. The RCF had not been drawn as at the balance sheet date in terms of liquidity, but it was utilized in the form of collateral in the form of rental guarantees in the amount of EUR 10.5 million. The carrying amount of the RCF of EUR 0.6 million results from the accrual of commitment interest.

In March 2024, the previous syndicated loan (Senior Secured Term Loan Facility) and in April 2024 the two previous corporate bonds (the Senior Secured Notes and the Senior PIK Notes) were repaid using the proceeds generated from the IPO and the refinancing, and the previous Senior Secured Multi-Currency Revolving Credit Facility was terminated. The redemption of the corporate bonds led to prepayment penalties of EUR 31.3 million. With the redemption of the corporate bonds, the embedded options in the form of repurchase rights expired and were derecognized, which led to a loss on disposal of EUR 31.7 million in the financial result with no effect on cash and cash equivalents.

As of September 30, 2024, the following significant financing agreements were in place at Group level.

	Financing volume	Interest conditions	Maturity
	million EUR		Date
Term Loan Facility (Facility B) - new financing	800	3-6M EURIBOR + margin	08.03.2029
Bridge Term Loan Facility (Facility A) - new financing	450	3-6M EURIBOR + margin	08.03.2026
Revolving Credit Facility (RCF)	350	1-6M EURIBOR + margin	08.03.2029
Total	**1.600,0**		

The RCF had not been drawn on in terms of liquidity as at the balance sheet date, although it was utilized in the form of collateral in the form of rental guarantees amounting to EUR 10.5 million.

The DOUGLAS Group's net debt amounted to EUR 2,286.8 million (previous year: EUR 3,423.6 million) as of the balance sheet date and was calculated as follows:

	30.09.2024	30.09.2023
	Book value	Book value
	million EUR	million EUR
Term Loan Facility (Facility B) - new financing	815,9	0,0
Senior Secured Term Loan Facility	0,0	683,8
Bridge Term Loan Facility (Facility A) - new financing	461,0	0,0
Revolving Credit Facility (RCF)	0,6	-2,4
Other loan liabilities	0,9	1,1
Senior Secured Notes	0,0	1.332,7
Senior PIK Notes	0,0	590,4
Financial liabilities (sum of bond and bank liabilities)	**1.278,4**	**2.605,6**
Lease liabilities within the meaning of IFRS 16	1.107,3	1.080,3
Total	**2.385,7**	**3.685,9**
Means of payment	98,9	262,3
Net debt	**2.286,8**	**3.423,6**

Cash and cash equivalents of EUR 98.9 million (previous year: EUR 262.3 million) were offset by bank liabilities including accrued interest of EUR 1,278.4 million (previous year: EUR 682.5 million) and bonds of EUR 0.0 million (previous year: EUR 1,923.1 million).

Liquidity

The cash inflow from **operating activities** in the reporting year amounted to EUR 683.6 million (previous year: EUR 584.7 million) and resulted in particular from EBITDA of EUR 730.3 million (previous year: EUR 683.0 million), partially offset by the change in net working capital of EUR -23.4 million (previous year: EUR -87.8 million) and tax payments of EUR 63.1 million (previous year: EUR 33.1 million).

The cash outflow from **investing activities** amounted to EUR 159.6 million in the 2023/2024 financial year (previous year: EUR 104.1 million) and mainly related to investments in property, plant and equipment and intangible assets totaling EUR 151.3 million (previous year: EUR 109.5 million).

In the financial year, **free cash flow** amounted to EUR 524.0 million (previous year: EUR 480.6 million).

In the 2023/2024 financial year, the cash outflow from **financing activities** amounted to EUR 689.3 million (previous year: EUR 465.6 million). This resulted in particular from payments for the repayment of financial loans and bonds in the amount of EUR 2,547.7 million (previous year: EUR 24.5 million), offset by proceeds from the raising of financial loans in the amount of EUR 1,250.0 million (previous year: EUR 0.0 million), both in the course of refinancing. Payments received from equity injections as part of the IPO in the amount of EUR 1,150.8 million (previous year: EUR 0.0 million)

had an increasing effect. In addition, payments for the repayment of lease liabilities of EUR 241.3 million (previous year: EUR 254.1 million) and interest paid of EUR 268.6 million (previous year: EUR 188.1 million) reduced the cash outflow from financing activities.

Investments

In the past financial year, EUR 156.0 million was invested in the modernization of the existing store network, the opening of new stores and the expansion of the E-Commerce business (previous year: EUR 107.4 million). As of September 30, 2024, the store network comprised a total of 1,756 own stores (previous year: 1,718).

Overview of investments at reporting segment level:

		DACHNL		France	
		01.10.2023-30.09.2024	01.10.2022-30.09.2023	01.10.2023-30.09.2024	01.10.2022-30.09.2023
Investments	million EUR	52,1	24,1	29,9	19,0

		Southern Europe		Central-East Europe	
		01.10.2023-30.09.2024	01.10.2022-30.09.2023	01.10.2023-30.09.2024	01.10.2022-30.09.2023
Investments	million EUR	20,3	15,8	29,9	17,7

		Parfumdreams/Niche Beauty		Total reporting segments	
		01.10.2023-30.09.2024	01.10.2022-30.09.2023	01.10.2023-30.09.2024	01.10.2022-30.09.2023
Investments	million EUR	3,0	3,0	135,3	79,5

Net assets

Total assets amounted to EUR 4,481.3 million as at the balance sheet date (previous year: EUR 4,496.4 million).

The **assets side** of the balance sheet was dominated by goodwill in the amount of EUR 1,033.0 million (previous year: EUR 1,028.4 million), other intangible assets in the amount of EUR 833.4 million (previous year: EUR 823.7 million), right-of-use assets from leases in the amount of EUR 1,021.0 million (previous year: EUR 1,003.4 million) and right-of-use assets from leases in the amount of EUR 1,021.0 million (previous year: EUR 1,003.4 million). (previous year: EUR 823.7 million), right-of-use assets from leases in the amount of EUR 1,021.0 million (previous year: EUR 1,003.4 million) and inventories in the amount of EUR 793.5 million (previous year: EUR 762.6 million).

The allocation of goodwill to the reporting and operating segments and countries is shown below.

	30.09.2024			30.09.2023		
	Reportable segment million EUR	Business segment million EUR	Group of CGUs million EUR	Reportable segment million EUR	Business segment million EUR	Group of CGUs million EUR
DACHNL	**488,6**			488,6		
DACH		287,0			287,0	
Germany			287,0			287,0
BENE		201,6			201,6	
Netherlands			201,6			201,6
France	**437,0**	**437,0**	**437,0**	437,0	437,0	437,0
Southern Europe	3,2	3,2		3,2	3,2	
Italy			3,2			3,2
Central-East Europe	**92,0**	**92,0**		87,3	87,3	
Poland			62,8			58,1
Other Central-East Europe			29,1			29,2
Parfumdreams/Niche Beauty	**12,2**	**12,2**	**12,2**	12,2	12,2	12,2
Total	**1.033,0**	**1.033,0**	**1.033,0**	1.028,4	1.028,4	1.028,4

The DOUGLAS Group assumes that the useful life of the "Douglas" and "Nocibé" brands is indefinite due to ongoing brand preservation measures. As in the previous year, EUR 534.4 million is attributable to the "Douglas" brand and EUR 172.7 million to the "Nocibé" brand. While the "Nocibé" brand is used exclusively in the France segment, the "Douglas" brand is used in the other national companies.

The right-of-use assets from leases amounting to EUR 1,021.0 million (previous year: EUR 1,003.4 million) mainly related to the rental of stores, warehouses and business premises.

As of the balance sheet date, the DOUGLAS Group had cash and cash equivalents of EUR 98.9 million (previous year: EUR 262.3 million). In addition, there are freely available credit lines from the RCF in the amount of EUR 339.5 million.

DOUGLAS Group outlook for 2024/2025

In a market environment characterized by moderate growth momentum in 2024, the international beauty market grew steadily and proved resilient to geopolitical tensions and a volatile macroeconomic environment.

Market research institutes also expect the market to grow in the coming years.

→ global beauty market will grow at a compound annual growth rate of 6% to around USD 590 billion by 2028, with growth rates of 7% and 9% expected for the prestige and luxury segments respectively (source: McKinsey), and

→ the European market for premium beauty products will grow at a compound annual growth rate of 5.4% to around EUR 24.2 billion in 2028, exceeding the historically high figures prior to COVID-19. Particularly strong growth is forecast for Eastern Europe (source: OC&C report).

Most of the growth in 2023 and 2024 was due to price increases rather than volume increases. For 2025, leading economic research institutes assume that inflation in the most important markets will continue to fall back to a normalized level. The OECD, for example, expects inflation in Europe to be around 2.1% in 2025. Against this backdrop, McKinsey expects both price and volume growth to be in the low single-digit range and thus contribute to the expected market growth of 6%.

While online sales accounted for a large part of the beauty industry's growth in the years of the COVID-19 pandemic and will continue to record strong growth in 2024, growth in the in-store business also accelerated in the twelve months of the past financial year. This shows that the beauty business is not an either-or decision between the store business and E-Commerce, but that the stores play a decisive role in the growth of the E-Commerce business thanks to their advisory function and the opportunity to discover and try out products. Thanks to this support from the stores, slightly stronger growth is forecast for E-Commerce in the coming year than for the store business.

The European premium beauty market is expected to grow at a compound annual growth rate (CAGR) of 5.4% from 2023 to 2028, reaching a volume of around EUR 24.2 billion. All countries in the European premium beauty market show a positive growth outlook, driven by continued premiumization, increasing beauty and health/well-being routines of customers and a growing innovation push of brands. Additional growth potential is expected from the luxury and niche fragrance categories in particular[11]. This is also supported by the McKinsey study "The Beauty Boom and Beyond: Can the Industry Maintain Its Growth?". In particular, the segments in which DOUGLAS operates - including luxury, prestige, entry-level prestige and masstige - are expected to grow strongly. McKinsey expects all categories within these segments to grow, further emphasizing the future opportunities for the beauty industry. DOUGLAS is therefore ideally positioned to benefit from the ongoing upswing in the beauty industry and to use this positive development to the advantage of customers and the company.[12]

According to the OECD, several factors point to continued growth momentum in Europe, albeit not at the same pace in all countries. Although consumer confidence remains subdued compared to long-term trends, survey indicators point to an improvement in confidence in Europe. The OECD forecasts GDP growth of 0.7% for Europe in 2024 and

[11] OC&C

[12] McKinsey study "The Beauty Boom and Beyond: Can the Industry Maintain Its Growth?"

1.0% in 2025. These moderate growth rates reflect the ongoing economic and geopolitical challenges facing the region. At the same time, the forecasts point to a slow but steady recovery. The OECD forecasts inflation of 2.4% for Europe in 2024 and 2.1% in 2025.

DOUGLAS GROUP FORECAST

DOUGLAS Group (EUR million)	2023/24 reported	2024/25 forecast
Sales	4,451	4.700 to 4.800
Adjusted EBITDA	809	855 to 885
Average net working capital in % of sales	5.3%	<5%

Based on the aforementioned assumptions, the DOUGLAS Group expects to increase sales to between 4.7 billion EUR and 4.8 billion EUR in the 2024/2025 fiscal year. This growth is to be driven by the omnichannel model consisting of both channels, Stores and E-Commerce, to which all regions are expected to contribute. In terms of regional differences, the DOUGLAS Group expects Central-East Europe to grow faster than other segments due to both the higher underlying growth of the premium beauty market and the significant expansion in this region.

This forecast is based on an expected significant increase in visitor numbers driven by new openings and organic growth as well as a targeted improvement in customer acquisition in the stores. It is also based on sales growth in the area of E-Commerce, which is expected to be driven by positive market dynamics, an expanded product range, an improved shopping experience, app upgrades, a revised beauty card concept and increased activities in the areas of social commerce and retail media as well as the further development of the partner program.

We are forecasting adjusted EBITDA in a range of EUR 855 million to EUR 885 million. Both channels and all regions are expected to contribute to this growth. Organic growth, the planned expansion and renovation of the store network and the E-Commerce growth strategy are the main drivers for our assumptions.

We counter rising sales and administrative costs against the backdrop of general inflation by regularly reviewing cost efficiency in order to identify areas with cost optimization potential.

For the coming 2024/2025 fiscal year, the DOUGLAS Group expects average net working capital in percent of sales to improve to just under 5% of sales. This forecast is based on the various strategic initiatives that are being pursued intensively throughout the Group. In particular, our strategic logistics project "One Warehouse All Channels" (OWAC) with the aim of an efficient supply chain organization, of which four OWACs are already in operation and two more are in the planning stage, as well as the further rollout of our AI-based inventory planning platform "Relex".

SEGMENT-BASED FORECAST

The following forecasts were made on the basis of the above statements and relate to the DACHNL, France, Southern Europe, Central Eastern Europe and Parfumdreams/Niche Beauty reporting segments.

For the 2024/25 financial year, the DOUGLAS Group's management expects the following segment developments at consolidated level.

→ For the DACHNL region, the Group management expects significant growth in sales, a significant increase in adjusted EBITDA and a slight fall in average net working capital in percent of sales.

→ For the France region, Group management expects a significant increase in sales and a sharp rise in adjusted EBITDA as well as a strong fall in average net working capital in percent of sales.

→ For the Southern Europe region, Group management expects a significant increase in sales and a substantial rise in adjusted EBITDA as well as an almost unchanged average net working capital in percent of sales.

→ For the Central Eastern Europe region, Group management is forecasting strong growth in sales and a sharp rise in adjusted EBITDA as well as a significant fall in average net working capital in percent of sales.

→ For the Parfumdreams/Niche Beauty segment, Group management expects strong growth in sales and a sharp rise in adjusted EBITDA as well as a sharp fall in average net working capital in percent of sales.

The following ranking is the basis for the comparative qualitative statements on sales, adjusted EBITDA and average net working capital in percent of sales:

Ranking	Characteristics of the qualified comparative forecasts
1.	Almost unchanged or at previous year's level
2.	slight
3.	solid/noticeable
4.	strong
5.	significant
6.	sharp

Subsequent events reporting

Events requiring disclosure between the end of the financial year ending September 30, 2024, and the date of approval of the consolidated financial statements for publication are reported in the notes to the consolidated financial statements under "Events after the balance sheet date".

Risk and opportunity report

Risk management system

The DOUGLAS Group is exposed to a variety of risks and opportunities in the course of its business activities. Among other things, these result from entrepreneurial activities aimed at developing and utilizing opportunities to improve the company's competitiveness. The following section describes the DOUGLAS Group's risk management system and provides an overview of the current risk and opportunity situation.

SIGNIFICANT CHANGES COMPARED TO THE PREVIOUS YEAR

Douglas AG successfully completed its IPO on March 21, 2024. With the transformation into a stock corporation, the focus is on new requirements, also with regard to risk management. In order to meet these requirements, the DOUGLAS Group made extensive enhancements to its risk management framework (governance, organization, methods, processes) and introduced risk management software in the 2023/2024 fiscal year.

RISK POLICY, STRATEGY AND OBJECTIVES

The Management Board of Douglas AG adopted the risk policy, which defines the risk strategy and objectives, the risk culture and the communication concept. The risk strategy is in line with the corporate strategy. Risk management is embedded in a broader risk and opportunity management system. The objective of the risk culture is designed to exploit opportunities and manage risks effectively.

As an internationally active trading group, the DOUGLAS Group is exposed to macroeconomic, industry-specific and company-specific risks and opportunities. The Management Board has stipulated in the risk strategy that, in accordance with the Business Judgement Rule (Section 93 (1) Sentence 2 of the German Stock Corporation Act (AktG)), it makes entrepreneurial decisions in the best long-term interests of the DOUGLAS Group by carefully considering appropriate information on potential risks and alternatives.

The main objectives of risk and opportunity management in the DOUGLAS Group are the identification and assessment of significant risks and opportunities, in particular the early identification of risks that could jeopardize the Group's continued existence. In detail, risk management covers the following topics:

→ Creating risk awareness within the DOUGLAS Group,

→ Detailed knowledge and transparency of the current risk position (risk identification, assessment and management)

→ Early initiation of mitigating measures,

→ Information on possible deviations from the planned targets.

Risks and opportunities comprise all future developments or events that could lead to a negative (risk) or positive (opportunity) deviation from the forecast targets. The DOUGLAS Group's risk management system is based on the elements of Auditing Standard 981 of the Institute of Public Auditors in Germany (IDW) and is anchored in a binding Group-wide guideline that is accessible to all employees.

Cultural measures are taken to create a consistent understanding. The DOUGLAS Group qualifies its employees according to their respective roles in risk and opportunity management.

ORGANIZATION

The DOUGLAS Group's Management Board is responsible for developing and maintaining an appropriate and effective risk management system in accordance with Section 91 (2) and (3) of the German Stock Corporation Act (AktG). The Risk Committee supports it in this by validating and reviewing the Group-wide risk situation.

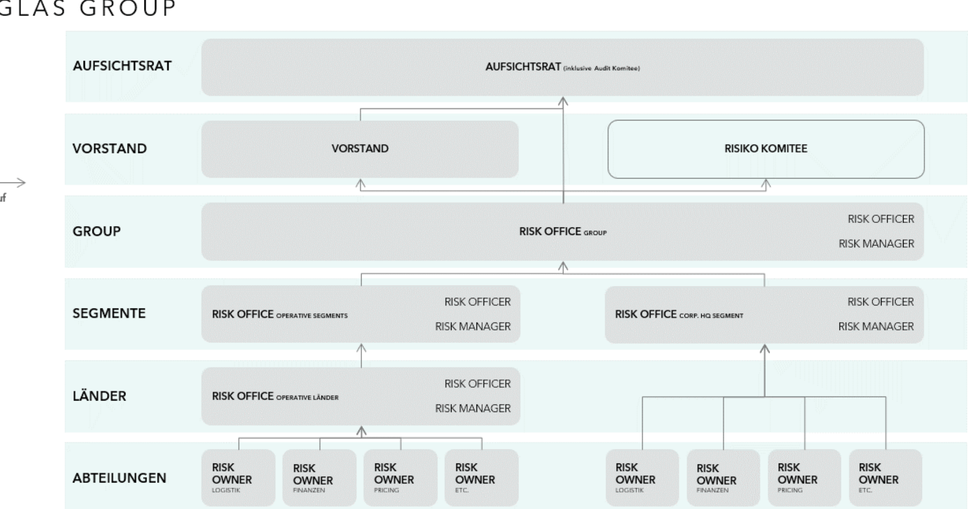
The risk management system is organized along the organizational structure of the DOUGLAS Group with the involvement of the decentralized organizational units. Risk Offices have been set up at several levels, each consisting of a Risk Officer and a Risk Manager.

The Group Risk Office is responsible for implementing the Group-wide risk management process in accordance with the guidelines. In organizational terms, this is assigned to Group Controlling. It continuously defines and develops the risk management framework, coordinates its procedural implementation and ensures the quality of internal Group reporting.

The risk offices in the segments and countries are responsible for the operational implementation of the risk management framework and for the correct and complete assessment of all risks and opportunities. These are organizationally assigned to the CFO of the respective unit. The risk owners report to the country risk office. They are responsible for identifying risks and opportunities, assessing and managing countermeasures for risks and implementing identified opportunities.

All process participants are continuously informed about the requirements, methods and innovations of the risk management system as part of training courses, information events and communication initiatives.

The following diagram visualizes the organization of the DOUGLAS Group's risk management as described above:



IDENTIFICATION

A comprehensive inventory of risks and opportunities is carried out annually. All risks and opportunities are systematically recorded, evaluated and documented by the risk owners. This is done on the basis of a uniform, Group-wide, pre-recorded catalog of risks and opportunities, to which new items can be added. Opportunities are also identified by the Management Board and management. Identified risks and opportunities are assigned to predefined areas that are aligned with the departmental structure. The annual inventory is supplemented by a half-yearly review of all risks and opportunities.

EVALUATION AND CONTROL

Risks and opportunities are assessed on the basis of the planned business development. In principle, the DOUGLAS Group considers risks and opportunities for the coming fiscal year. For this observation period, the probability of occurrence and the financial impact are assessed in three scenarios (pessimistic, realistic and optimistic scenario). Risks and opportunities that could lead to deviations from the DOUGLAS Group's targets are assessed. The key performance indicator here is the key performance indicator adjusted EBITDA.

ANALYSIS

Multi-stage quality assurance of the reported risks and opportunities is carried out by the Group Risk Office across all organizational units as well as by the corresponding departments at Corporate Headquarters. This serves to check the plausibility of risk identification and assessment and increases the quality of the risk management process.

The Group Risk Office then analyzes the reported risks and opportunities with regard to their potential impact on the Group. The reported risks and opportunities are transferred into a matrix based on their potential financial impact (using the pessimistic scenario for risks and the optimistic scenario for opportunities) and their probability of occurrence before effective countermeasures are taken into account. The value limits of the impact and probability classes and the classification of the categories are defined uniformly throughout the Group and are in line with the objectives of the risk management system.

The matrix classifies risks and opportunities into the following categories: low (G), medium (M), high (H) and very high (SH). The DOUGLAS Group defines risks and opportunities as material from the high (H) category onwards.

MATRIX
DOUGLAS GROUP

Finanzielle Auswirkung							
	Sehr hohe	≥ 20% des geplanten bereinigtem EBITDA	H	H	H	SH	SH
	Hohe	≥ 10% aber< 20% des geplanten bereinigtem EBITDA	M	H	H	H	SH
	Mittlere	≥ 5% aber < 10% des geplanten bereinigtem EBITDA	M	M	M	H	H
	Geringe	≥ 1% aber < 5% des geplanten bereinigtem EBITDA	G	M	M	M	H
	Sehr geringe	< 1% des geplanten bereinigtem EBITDA	G	G	M	M	M
			< 20%	≥ 20% aber < 40%	≥ 40% aber < 50%	≥ 50% aber < 75%	≥ 75%
			Sehr geringe	Geringe	Mittlere	Hohe	Sehr hohe
			Eintrittswahrscheinlichkeit				

DOUGLAS

In addition to the isolated assessment of risks in terms of their financial impact and probability of occurrence, all risks are simulated using a stochastic simulation method (Monte Carlo simulation), taking into account their interactions and effective countermeasures. The simulation of all risks ensures that the effect of the many small individual risks is taken into account in their interaction. For this purpose, the Value at Risk (VaR) figure is calculated with a confidence level of 95% for the overall risk portfolio, all risk areas and all individual risks.

MONITORING OF RISK-BEARING CAPACITY

To assess the risk-bearing capacity, the Value at Risk (VaR) indicator with a confidence level of 95 percent for the overall risk portfolio is compared with the DOUGLAS Group's risk coverage capital. The risk coverage capital takes into account the Group's equity. Further early warning indicators also serve to monitor risk-bearing capacity and early risk detection.

COMMUNICATION

Communication with the Management Board and the Supervisory Board of Douglas AG as well as the Risk Committee takes place via the Group Risk Office. This includes statements on risk-bearing capacity, material risks and opportunities as well as any countermeasures for risks. Ad hoc reporting has also been implemented. This informs the Management Board and the Group Risk Office of all material risks and opportunities.

MONITORING OF APPROPRIATENESS AND EFFECTIVENESS

The Supervisory Board monitors the appropriateness and effectiveness of the risk management system and the appropriate handling of risks and opportunities. In addition to the audits of the risk early warning system by the auditor of the annual financial statements, further regular, independent audits are planned in future to assess the appropriateness and effectiveness of the risk management system.

Risks

OVERALL STATEMENT ON THE RISK SITUATION

During the reporting period, 1866 risks were identified and assessed in the 22 countries and at headquarters. No individual risks or combinations of risks were identified that could jeopardize the DOUGLAS Group as a going concern. No significant individual risks (category high and very high) were identified either. Around 4% of the risk reports are rated as medium risk. The remaining 96% are in the low category. The risks are classified in the matrix according to their potential financial impact based on the pessimistic scenario and their probability of occurrence before effective countermeasures are taken into account.

Number of identified and assessed individual risks shown in the matrix:

Finanzielle Auswirkung	Sehr geringe	Geringe	Mittlere	Hohe	Sehr hohe
Sehr hohe	0	0	0	0	0
Hohe	2	0	0	0	0
Mittlere	8	0	0	0	0
Geringe	81	12	0	2	0
Sehr geringe	1519	189	10	40	2
	Eintrittswahrscheinlichkeit				

Taking interactions into account, a risk combination of four risks was identified, which was classified as high (H) with a medium financial impact and a high probability of occurrence: If the number of visitors to the stores decreases, for example due to changes in the social and economic environment (location and expansion risk area) and at the same time competitive and price pressure increases, for example due to aggressive pricing strategies by competitors (competition risk area), the resulting fall in demand may lead to excess stock in warehouses and stores in the future and reduce the turnover rate (demand and ordering risk area). This can have a negative impact on sales and earnings and lead to product devaluations.

DOUGLAS has countermeasures available to manage the risks, such as continuous monitoring of the environment, securing its own market position, and close cooperation with suppliers, which are intended to largely counteract the risks. We consider the financial impact, after taking these countermeasures into account, to be very low.

A comparison of the risk and opportunity situation with the previous year is only possible to a limited extent, as the DOUGLAS Group made extensive enhancements to the risk management framework (governance, organization, methods, processes) in the 2023/2024 fiscal year. However, regardless of this, the risk volume (measured against the expected value) has decreased. In the previous year, five risks were still classified as high, three of which were financial risks. The main reasons for the lower risk situation are the reduction in debt, which took place as part of the IPO, as well as the significantly improved net assets, financial position and results of operations.

No significant individual risks (category high (H) and very high (SH)) were identified, which is why the individual risks in the category medium (M) are described in the following risk areas. The risks in the low (G) category are not presented.

The order of the risk areas within the chapter is: Operational risks, Risks from strategy, Risks from reputation and sustainability, Risks from reporting and financial risks is based on the maximum loss amounts of the individual risks included (pessimistic scenario).

OPERATING RISKS

COMPETITION

The risk area comprises all risks that may arise from competition with new and existing competitors. Individual risks classified as medium (M) are:

→ Existing competitors and new market participants could pursue aggressive pricing strategies in order to gain market share. Competitors focusing on E-Commerce in particular could offer their products at even lower prices. The risk was assessed as having a very low financial impact and a medium probability of occurrence.

→ If the DOUGLAS Group misjudges the tastes of its customers or other trends, it could lose market share to competitors and incur sales losses and surplus goods. These risks were assessed with a medium financial impact and a very low probability, and with a very low financial impact and a high probability.

→ Furthermore, competitors offering low-cost imitations of original fragrances or focusing on entry-level offerings could thus secure a portion of the DOUGLAS Group's existing or potential customers. These risks were assessed with a medium financial impact and a very low probability, and with a low financial impact and a low probability.

IT SYSTEMS

The IT systems risk area includes risks that could threaten the IT infrastructure. Individual risks classified as medium (M) are:

→ The DOUGLAS Group is exposed to an increasing threat from cyber security risks. Cybersecurity risks can damage the company's reputation and lead to significant costs, loss of sales, fines and legal proceedings. To prevent risks that could lead to disruptions and failures of infrastructure, services, applications and data, comprehensive control mechanisms have been established and continuous and close monitoring takes place. The techniques used to attempt to gain unauthorized, improper or illegal access to systems or those of partners are constantly evolving. Even if systems and processes are implemented to protect against unauthorized access and prevent data loss, it cannot be guaranteed that these procedures are sufficient to protect against all cyber security risks. The risk was assessed as having a medium financial impact and a very low probability of occurrence.

→ Any significant slowdown, interruption or failure of the IT systems could result in information being lost or delayed and functions being interrupted. This may impair the ability to market, offer and sell products and the ability to track, record and analyze sales. The risk was assessed as having a very low financial impact and a high probability of occurrence.

PAYMENT METHODS

The risk area comprises risks that may arise from the payment methods offered. Individual risks classified as medium (M) are:

→ Any disruption in the payment systems affects payment processing online or in-store, which could pose an additional risk to sales. The risk was assessed as having a medium financial impact and a very low probability of occurrence.

The DOUGLAS Group constantly monitors the payment options in order to detect errors as quickly as possible and to redirect customers to other payment methods in the event of errors.

MARKETING

This risk area comprises risks that may arise from marketing activities. An individual risk that has been classified as medium (M) is:

→ There is a risk that the marketing initiatives will not lead to the planned increase in sales or an increase in profitability (e.g. wrong target groups or marketing channels). In addition, marketing activities and customer relationship programs may not meet with the desired customer acceptance and lead to the intended results, such as positive effects on the DOUGLAS Group's brands, reputation and customer demand. The risk was assessed as having a medium financial impact and a very low probability of occurrence.

CUSTOMER LOYALTY MANAGEMENT

This risk area comprises risks that could lead to a deterioration in the relationship between customers and the DOUGLAS Group. Individual risks classified as medium (M) are:

→ The planning of marketing activities is increasingly based on data from customer relationship management. Marketing activities could be hampered by poor data quality or the unwillingness of customers to share their data. These risks were assessed as having both a very low financial impact and a high probability and a medium financial impact and a very low probability.

SUPPLIERS

This risk area comprises all risks in connection with suppliers. Individual risks classified as medium (M) are:

→ Under certain conditions and for a limited period of time, key suppliers and distributors grant the right to offer their products exclusively. As exclusive products are an important differentiator from the competition and generally have higher margins than other products, the competitive position and profitability could be impaired if exclusivity agreements cannot be negotiated, if sufficiently long exclusivity periods cannot be secured or if key suppliers and distributors terminate such agreements. The risk was assessed as having a low financial impact and a low probability of occurrence.

→ The DOUGLAS Group is dependent on suppliers and dealers who provide bonuses and advertising allowances. The decision of a supplier to no longer use the DOUGLAS Group's marketing channels and thus the withdrawal of advertising subsidies could have a negative impact on the brands and profitability. The risk was assessed as having a low financial impact and a low probability of occurrence.

PARTNER PROGRAM
Partners in the Partner Program sell their products via the DOUGLAS Group's E-Commerce platform. Individual risks classified as medium (M) are:

→ Risks to the planned development of the partner program can have various causes. The partner program may not develop as planned due to a lack of participation (e.g. lack of interest from potential partners, lack of authorization or compliance). These risks were assessed as having a very low and low financial impact and a low and high probability.

→ It is also possible that the partner program may not develop as planned due to increasing competition, including from former (exclusive) partners working with competitors or other premium retailers expanding their partner program in the beauty sector. These risks were assessed as having a low financial impact and a low probability of occurrence.

→ Temporary technical difficulties could also occur when implementing partners on the E-Commerce platform, which could have a negative impact on sales. The risk was assessed as having a very low financial impact and a high probability of occurrence.

PRICING

In this risk area, the DOUGLAS Group considers risks that may arise in connection with the design of the pricing strategy. An individual risk that has been classified as medium (M) is:

→ Large differences between online and in-store prices could lead to negative effects in both channels, including a drop in sales and customer dissatisfaction. The risk was assessed as having a low financial impact and a low probability of occurrence.

PERSONNEL

The HR area encompasses a large number of classic risks, ranging from recruitment and retention, employee satisfaction and motivation to legal issues and succession planning. Individual risks classified as medium (M) are:

→ In recent years, the DOUGLAS Group has had to accept considerable wage increases - in line with the general trend in European industry due to the inflationary environment - and could also be faced with significant wage increases in the future. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ Competition for qualified personnel is intense and the DOUGLAS Group may not be able to attract and retain sufficient qualified personnel in the future, partly due to a low labor supply or because employees or potential applicants may perceive the salary system as inadequate. These risks were assessed as having both a low financial impact and a low probability and a very low financial impact and a high probability.

→ A potential loss of qualified managers and other specialist staff could also lead to a loss of expertise and result in a decline in productivity. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ Conflicts with trade unions, employee representatives or employees could have a negative impact on sales and profitability (e.g. through strikes). Additional costs could also arise. These risks were assessed as having a very low financial impact and a high probability of occurrence.

LOGISTICS

This risk area includes risks in the area of logistics such as supply chain disruptions or bottlenecks in inventory management systems. Individual risks classified as medium (M) are:

→ The DOUGLAS Group is in the process of establishing a European network of omnichannel warehouses. There is a risk here that the conversion of the current logistics infrastructure may not be successful or only partially successful, or that the targeted efficiency gains and the desired operational improvements may not materialize as planned. In particular, the transition process could lead to cost overruns, underutilization, interruptions or delays in sales and the delivery of offers, thereby jeopardizing business operations, customer satisfaction and reputation. The risk was assessed as having a very low financial impact and a very high probability of occurrence.

→ Furthermore, disruptions in the logistics systems or processes could lead to excess stock at one location and a shortfall at another. The risk was assessed as having a very low financial impact and a medium probability of occurrence.

OWN BRANDS

The DOUGLAS Group's own brands are a central component of its product range. It acts purely as a trading company and commissions manufacturers of perfumery, cosmetics and other beauty products to produce under the DOUGLAS and NOCIBÉ brands or one of the three other DOUGLAS own brands. Individual risks classified as medium (M) are:

→ As part of the growth strategy for own brands, it was decided to expand the product portfolio with new brands and new products under existing brands. In both cases, there is a possibility that customer demand will fall short of expectations, meaning that products will have to be sold at significantly reduced prices due to limited shelf life or to clear out stock. The risk was assessed as having a very low financial impact and a medium probability of occurrence.

→ The plans to expand the business by selling more private label products, among other things, could lead to greater challenges and risks for inventory management. Delays in delivery could lead to stock shortages in wholesale and retail, which is tantamount to a loss of sales. Very long lead times do not allow us to respond to larger quantities requested at short notice. The risk was assessed as having a very low financial impact and a medium probability of occurrence.

RISKS FROM THE STRATEGY

LOCATIONS AND EXPANSIONS

This risk area includes risks from store locations and planned expansions. Individual risks classified as medium (M) are:

→ There is a risk that energy costs may increase more than planned due to rising energy prices. These risks were assessed as having both a very low financial impact and medium probability and a very low financial impact and high probability.

→ Energy costs may also rise more sharply due to environmental legislation, the increased use of sustainable materials and investments in energy efficiency measures or longer operating times for air conditioning systems due to climate change. If the cost increases cannot be passed on to customers or can only be passed on in part, this could lead to a deterioration in margins and the operating result. The risk was assessed as having a low financial impact and a low probability of occurrence.

→ In addition, higher rent adjustments could be made if the associated public indices rise more sharply than planned. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ Furthermore, the DOUGLAS Group may not succeed in finding and renting attractive store locations on acceptable terms or in creating the necessary infrastructure. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ There is a risk that the DOUGLAS Group could experience an increase in shoplifting and have to deploy more security staff to protect employees, customers and property. This may lead to higher costs and a greater loss of inventory. More extensive security measures may also be required, which could have a negative impact on the customer experience in their stores. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ The DOUGLAS Group remains the lessee of certain stores that have been sold, closed or relocated. In the case of subletting, there is a risk that payments may be delayed or not made at all by the subtenants. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ In addition, contractual penalties could be incurred if rental agreements are terminated prematurely. Furthermore, contract extensions for expiring rental agreements may not be successful and stores in attractive locations may have to be closed. The risk was assessed as having a medium financial impact and a very low probability of occurrence.

ORGANIZATION

This risk area includes risks from strategic and operational measures, including reorganization measures. Individual risks classified as medium (M) are:

→ There is a risk that reorganization measures will not lead to the expected increases in efficiency or cost savings. In the case of reorganization measures in the store network, there is a risk that sales from closed stores may not be transferred to other stores or to the E-Commerce business as planned. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ If strategic and operational measures are implemented, there is a risk that the associated workload could overwhelm employees and the organization, which could lead to inefficiencies and errors. The risk was assessed as having a very low financial impact and a medium probability of occurrence.

RISKS FROM REPUTATION AND SUSTAINABILITY

HEALTH, SAFETY AND THE ENVIRONMENT

This risk area covers risks relating to ESG issues such as sustainable corporate governance, responsibility towards the environment and health, safety and diversity in the workplace. Individual risks classified as medium (M) are:

→ Legislation requiring the renovation of buildings to achieve higher energy efficiency could lead to higher investments for maintenance in the store infrastructure and also to higher rent payments for the stores if landlords pass on their own renovation costs. In addition, landlords may not accept ESG targets and criteria, which could result in the DOUGLAS Group missing its targets or incurring higher costs. On the other hand, renovations and renewal investments in technical equipment such as air conditioning systems, LEDs and heat pumps will lead to lower operating costs and represent a further step towards achieving the DOUGLAS Group's ESG targets. These risks were assessed both with a very low financial impact and medium probability and with a very low financial impact and very high probability.

→ There could be a risk of rising energy prices and supply costs (to the extent that they are covered) due to the introduction of CO2 taxes. This risk is countered through long-term cooperation with energy suppliers and action plans developed in the area of ESG. The risk was assessed as having a very low financial impact and a medium probability of occurrence.

RISKS FROM REPORTING

INVESTOR RELATIONS

This risk area mainly comprises risks from capital market communication and disclosure obligations. One individual risk classified as medium (M) is:

→ Errors in connection with ad hoc disclosures can give rise to risks. If the DOUGLAS Group publishes an ad hoc announcement that contains errors, is misleading or is perceived as market manipulation, penalties may be imposed. The risk has been assessed as having a medium financial impact and a very low probability of occurrence.

FINANCIAL RISKS

TAXES

This risk area mainly comprises risks from taxes, finance and liquidity. For information on financial risks and their management, please refer to Note 32 in the notes to the consolidated financial statements. Individual risks classified as medium (M) are:

→ Due to its international activities, the DOUGLAS Group is exposed to risks arising from the application of international tax concepts used for the purpose of allocating taxing rights between countries, such as the concept of permanent establishments as used in the OECD Model Tax Convention, among others, or the fight against tax erosion and profit shifting (BEPS). In particular, business activities outside Germany could unintentionally trigger taxation rights of foreign countries (e.g. due to the permanent establishment of a representative), which could lead to additional tax burdens. The risk was assessed as having a high financial impact and a very low probability of occurrence.

→ In addition, there could be tax risks with regard to transfer pricing rules that apply in various jurisdictions and in relation to cross-border business relationships. The tax authorities could challenge compliance with the applicable transfer pricing regulations. In addition, transfer pricing risks could increase in the future if intra-Group cross-border business continues to grow. The risk was assessed as having a very low financial impact and a high probability of occurrence.

→ As a result of current or future tax audits or other reviews by the competent financial or tax authorities, additional payments could be assessed for future or previous assessment periods. The risk was assessed as having a low financial impact and a high probability of occurrence.

LEGAL RISKS

Essentially, the DOUGLAS Group defines legal risks as those relating to compliance and the regulatory environment due to changing legal requirements. An individual risk that has been classified as medium (M) is:

→ The need to comply with local and international laws and regulations on the collection, use, retention, disclosure, other processing and security of personal data poses a significant control, operational and reputational risk. Under the GDPR, particularly sensitive data such as biometric data and health data enjoy special protection. For the DOUGLAS Group, this protection is a top priority, which is why measures have been implemented to prevent it, such as regular reviews of GDPR controls. Nevertheless, there is always a residual risk of a data protection breach. There is also a risk that an increase in requirements could lead to further additional costs. These risks were assessed as having both a high financial impact and a very low probability and a low financial impact and a low probability.

Results of the simulation process

All risks have been analyzed using a simulation method (Monte Carlo simulation), taking into account their interactions and effective countermeasures. Using the Value at Risk (VaR) indicator with a confidence level of 95%, no individual risks with a high or very high financial impact were identified. When considering the risks collectively, only low and very

low financial effects were simulated for the risk areas. The table below provides an overview of the risk areas and their impact on the DOUGLAS Group.

	Nettorisiko (aggregiert) VaR 95 % in mEUR*					
	Anzahl	Sehr geringe Auswirkung	Geringe Auswirkung	Mittlere Auswirkung	Hohe Auswirkung	Sehr hohe Auswirkung
	Summe	< 9	≥ 9 bis < 44	≥ 44 bis < 88	≥ 88 bis < 177	≥ 177
Operative Risiken	**1334**					
Wettbewerb	160					
IT-Systeme	48					
Zahlungsmethoden	54					
Marketing	209					
Kundenbindungsmanagement	111					
Lieferanten	116					
Partner Programm	29					
Preisgestaltung	47					
Qualität und Haftung	79					
Personal	196					
Logistik	118					
Eigenmarken	31					
Nachfrage und Bestellung	62					
IT-Systeme E-Commerce	70					
Versicherungsschutz	4					
Risiken aus Strategie	**249**					
Standorte und Expansionen	167					
Organisation	81					
M&A	1					
Risiken aus Reputation und Nachhaltigkeit	**141**					
Politisches und soziales Umfeld	43					
Gesundheit, Sicherheit und Umwelt	98					
Risiken aus Berichterstattung	**11**					
Investor Relations	3					
Reporting	8					
Finanzwirtschaftliche Risiken	**84**					
Steuern	31					
Finanzen und Liquidität	53					
Rechtliche Risiken	**46**					
Recht	46					

Opportunities

OPERATING OPPORTUNITIES

A reliable and large master data base with customer information leads to improved customer understanding, enabling it to promote specific offers based on customer data. The DOUGLAS Group continuously invests in the optimization of data analysis to optimize its customer focus.

→ The aim is to bind customers to the brands through constantly evolving customer loyalty management that addresses the various target groups via different channels. Highly individualized 1:1 marketing via various channels makes it possible to respond quickly and specifically to personal customer wishes and needs. There is a chance that an even better customer acquisition rate could be achieved than planned.

→ The company's own customer card is also an elementary component of the strategy in the area of customer loyalty and customer acquisition management. The aim is to further enhance the shopping experience, retain customers, acquire new customers and collect data in order to identify trends at an early stage. Using this data even more effectively could open up further sales opportunities.

The DOUGLAS Group has opportunities on the procurement market due to its market position and the associated high sales volumes:

→ The DOUGLAS Group has an above-average basis for negotiating with its suppliers. This may result in the opportunity to achieve even better contractual conditions or economies of scale than planned.

The topic of pricing is of central importance. The DOUGLAS Group wants to offer its customers attractive and competitive prices that reflect the high quality of its products. For omni-channel players, appropriate pricing is even more important, as customers tend to compare prices between different channels.

→ To strengthen its position and improve the competitiveness of product prices, a new pricing and promotional strategy is being introduced. In this way, the DOUGLAS Group is securing its customer base and there is a chance that its market position could be expanded even further.

One of the strategic pillars of the DOUGLAS Group is its distinctive product range with a broad selection of premium industrial brands, high-quality exclusive and own brands as well as independent trend and niche brands.

→ Expanding the attractive product range and strengthening existing product categories such as make-up, skin and hair care can offer the opportunity to increase customer loyalty and reach a wider range of customers.

→ The DOUGLAS Group's exclusive brands are a central component of the product range and a distinguishing feature compared to other competitors. There is a chance that the DOUGLAS Group will be able to enter into more partnerships with exclusive brands than planned, thus opening up further sales opportunities.

The DOUGLAS Group is in the process of setting up a European network of omnichannel warehouse centers from which both stores and online customers will be supplied. This will reduce inventories and logistics costs, shorten lead times to the stores and increase the availability of goods.

→ There is a chance that the expected positive effects on the net assets, financial position and results of operations will be stronger than planned or that the omnichannel strategy will be implemented more quickly.

Partners in the Partner Program sell their products exclusively via the DOUGLAS Group's E-Commerce platform. The sales generated via this platform have risen sharply in the past. This is not least due to the fact that customers seem to prefer a central point of contact that offers all relevant products.

→ By connecting additional partners and increasing the marketplace volume with existing partners, there is an opportunity to realize further sales potential in the future.

The DOUGLAS Group's success depends to a large extent on its ability to attract and retain qualified managers and professionally qualified, motivated employees. Competition for qualified personnel is intense, which is why the DOUGLAS Group has launched several initiatives:

→ The standardization of the Human Resources process for more efficient recruiting and the Group-wide introduction of SAP Success Factors in the Human Resources area are intended to increase efficiency, consistency and speed, which could create an opportunity for recruitment.

→ By implementing a fixed salary level structure, the feeling of unfair pay can be reduced and there is an opportunity to further reduce staff turnover.

OPPORTUNITIES FROM STRATEGY

Within the opportunity situation, the DOUGLAS Group has identified potential, particularly with regard to the "Let it Bloom" strategy. The strategy focuses on the further development and positioning of the omnichannel business model. The strategy is based on four pillars: The DOUGLAS Group wants to become the leading omnichannel provider for premium beauty in all its markets as well as offer the most differentiated brand assortment, the most customer-friendly omnichannel experience and the best operating model.

→ The DOUGLAS Group is investing in the perception and image of the brand. This also includes the expansion of sustainability activities in all divisions as well as the expansion of the attractive product range and the strengthening of product categories. By investing in new technologies and focusing on store formats, customers can switch seamlessly between stores and online stores. If the DOUGLAS Group manages to implement its strategy faster than planned or if the positive effects are stronger than expected, the earnings situation could develop even better.

The volume of sales on the E-Commerce market has risen significantly in recent years.

→ Competitive and tactical pricing as well as improving the customer journey, including increased product availability, faster delivery and easier order and payment processing, can provide the opportunity to further benefit from the growing E-Commerce market.

→ Last but not least, optimizing the mobile app can help to simplify the customer journey and thus open up further sales opportunities.

→ The expansion of the E-Commerce business into new countries could also open up further sales opportunities. Here, the DOUGLAS Group could draw on the many years of expertise of the web stores already in operation.

The DOUGLAS Group has the largest beauty store network in 22 countries. Further opportunities have been identified as part of the development program for the store network. Over 400 stores are to be renovated and around 200 new stores opened by the 2025/2026 financial year.

→ Sales opportunities in the stationary channel may arise from a stronger expansion of the business in existing countries as well as from expansion into new countries. Thanks to detailed location analyses, long-standing relationships with existing landlords and its generally good reputation in the market, the DOUGLAS Group has access to locations in prime locations and has the opportunity to open even more lucrative locations than planned.

→ In future renegotiations or extensions of expiring rental agreements for stores, there may be an opportunity to negotiate better conditions or to terminate the agreement and relocate the stores to more attractive locations. There may also be an opportunity to obtain higher rental income from the sublet stores.

→ Further potential could be tapped into by expanding the services in stationary retail.

FINANCIAL OPPORTUNITIES

The DOUGLAS Group has also identified various financial opportunities:

→ The financing is based on the EURIBOR prime rate. There is a chance that the base interest rate will be lower than planned, thus reducing the interest payable.

→ In addition to the base interest rate, a premium is set depending on the gearing ratio. There is a chance that the gearing ratio will be reduced more than planned, thereby reducing the interest payable.

→ Due to its significantly improved net assets, financial position and results of operations, the DOUGLAS Group may be able to negotiate better conditions than planned with lenders.

Key features of the accounting-related internal control system

The accounting-related internal control system is an integral part of the DOUGLAS Group's accounting and financial reporting system and aims to identify, assess, manage and monitor those risks that could have a material impact on proper accounting and financial reporting by means of principles, procedures and measures.

All-important guidelines are made available to employees. These Group-wide and uniform basic rules ensure compliance with national and international regulations as well as the requirements and specifications of the Management Board, in particular compliance with the legal framework.

The main accounting-related processes are explained in more detail below:

A Group-wide IFRS accounting guideline, which is mandatory for all companies included in the consolidated financial statements, ensures uniform accounting in accordance with IFRS for the DOUGLAS Group.

Central procedural instructions and dates for global milestones are specified and communicated for each reporting event, while Group Accounting monitors compliance with the global closing calendar.

The local accounting and financial statements of the consolidated companies are generally prepared in SAP-based accounting systems on the basis of a standardized chart of accounts.

The consolidation of local accounting-related business data is carried out by a central consolidation system into which all consolidated DOUGLAS Group companies are integrated; after the local data has been transferred to the consolidation system, (partially) automated plausibility checks are carried out; any errors or warnings are processed by the person responsible for the financial statements before the data is forwarded to the consolidation office; the consolidation steps to be carried out for the preparation of the consolidated financial statements are subject to various technical and manual checks.

As part of its monitoring function, Internal Audit checks compliance with legal requirements and internal Group guidelines. The focus of the annual audit plan is based on the corporate risks and is agreed with the Chief Executive Officer and Chief Financial Officer as well as the Chairman of the Audit Committee of the Supervisory Board. Additional ad hoc audits due to sudden risk events are possible at any time. The results of the audits are reported directly to the Chief Financial Officer and, if necessary, to the entire Management Board and measures are taken with the audited area to minimize the risks identified. Internal Audit regularly reports findings and risks to the Audit Committee of the Supervisory Board. The DOUGLAS Group makes continuous improvements to the ICS on the basis of findings made during internal audits or external audits.

Key features of the internal control and risk management system and opinion on its appropriateness and effectiveness[13]

Overall responsibility for the implementation of an appropriate and effective internal control system and risk management system lies with the Management Board of Douglas AG. The Audit Committee of the Supervisory Board of Douglas AG monitors the effectiveness of the internal control system and risk management system.

Under the leadership of the CFO, the Group Internal Audit & Internal Controls department defines Group-wide minimum requirements for the design of the internal control system (ICS) and continuously develops these further.

The structure of the ICS at Douglas AG is based on the generally recognized COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) and is continuously adapted to the specific requirements of Douglas AG.

The internal control system contributes to the following overarching objectives:

→ Compliance with laws and other regulations,

→ Safeguarding business assets / protection against asset losses,

→ Prevention, avoidance and detection of errors and irregularities and

→ Reliability and efficiency of business processes.

DOUGLAS Group's internal control system covers both financial and operational processes. Significant risks are identified as part of risk analyses. The necessary minimum requirements for control measures and their documentation are specified centrally and uniformly. In order to assess and continuously improve the effectiveness of the internal control system, the main Group companies are required to evaluate the appropriateness and functionality of the controls on an annual basis (in the form of a self-assessment). A uniform Group-wide methodology is specified for this purpose. In the event of control weaknesses, measures must be defined to eliminate them. The results of the self-assessments are validated centrally, summarized in an overall report on DOUGLAS Group's internal control system and reported to the Risk Committee, the Management Board, the Supervisory Board and the Audit Committee.

In addition to the self-assessment of effectiveness, Internal Audit also reviews the appropriateness and functionality of internal controls as part of its annual audit activities. The control activities of Internal Audit are aimed at ensuring the effectiveness and efficiency of business operations by optimizing processes and safeguarding the company's assets. As part of its monitoring function, it reviews compliance with and the effectiveness of defined controls (including the internal control system and risk management) as well as the security and reliability of the IT systems and the effectiveness of the implemented control mechanisms on a regular basis. If necessary, appropriate measures are initiated in cooperation with the relevant specialist department and, if required, with the Internal Controls and Risk Management departments in order to eliminate the identified weaknesses as part of a defined process. Internal Audit regularly reports the results of its work to the Management Board and the DOUGLAS Group's Audit Committee.

Based on the aggregated results of the self-assessments and the findings of the internal audits, the Management Board has no reason to doubt the extensive appropriateness and effectiveness of the internal control system in its entirety in

[13] This statement by the Management Board is a disclosure required by GCGC 2022 that is not part of the audit of the financial statements as it is not part of the management report

the fiscal year under review in all material respects and taking into account the continuous improvement initiatives. The DOUGLAS Group makes continuous improvements to the ICS on the basis of findings from internal or external audits.

Combined non-financial declaration

About the combined non-financial statement

In accordance with Sections 315b, 315c HGB in conjunction with Sections 289b to 289e HGB and Article 8 of the EU Taxonomy Regulation (EU)[14], the following summarized non-financial (Group) statement (nfd) has been prepared for Douglas AG and the DOUGLAS Group. The nfd is a separate section of the combined management report. It comprises the key information on the five required aspects: Environmental Matters, Employee Matters, Social Matters, Respect for Human Rights, Anti-Corruption and Bribery, and EU Taxonomy. The DOUGLAS Group did not use an international framework to prepare the nfd, but instead oriented itself to the content requirements of the CSR-RUG. The content is not subject to the statutory obligation to audit the combined management report.

As part of the reporting process, DOUGLAS has examined whether there are any material risks to the above-mentioned aspects within the meaning of Section 289c (3) and (4) and Section 315c HGB that result from the company's own business activities, its business relationships and its products or services and that are very likely to have or could have serious negative effects. DOUGLAS has not identified any such risks that would be reportable. Further information can be found in section Risk and opportunities report of this combined management report.

Description of the business model

The DOUGLAS Group a the leading omnichannel provider of premium beauty products in Europe and is active in 22 countries. A detailed description of the business model can be found in Chapter 2 "Business model and Group structure" of the combined management report.

Derivation of material topics

The materiality analysis carried out by DOUGLAS in 2021, which aimed to identify the priorities of stakeholders and determine the factors that are material to the long-term success of the company, forms the basis for the selection of the matters presented in this declaration. These form the basis for DOUGLAS' ESG activities and the basis for the update of the DOUGLAS ESG strategy in the prior 2022/2023 financial year. The materiality analysis was reviewed in the past 2023/2024/2024 financial year. In this context, DOUGLAS included the aspects of human rights as well as corruption and bribery as additional material topics in order to reflect all aspects required in accordance with Section 289c (2) HGB. The other topics remained unchanged and the materiality analysis was again confirmed by the Management Board.

As part of our preparations for the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD), we are currently updating the materiality analysis - taking into account the required dual materiality approach (including the relevant internal and external perspectives). This involves reviewing stakeholder priorities and determining the factors that are material to DOUGLAS' long-term success in order to identify an updated list of material topics.

[14] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088

The material topics on which the combined non-financial declaration 2023/2024 is based are presented in the following table

Aspects required by CSR-RUG	Reported topic	Reported in
Environmental Matters	Climate protection and emissions	Environment
	Sustainable logistics and resource efficiency	Environment
	Products	Environment
Human rights	Human rights	Social
Employee Matters	Employee retention	Social
	Diversity, equality and inclusion	Social
Social Matters	Customer satisfaction Data protection	Social
Combating corruption and bribery	Avoidance of corruption and anti-competitive behavior	Compliance and CSRD

Organizational anchoring and responsibilities

Since the publication of the first Group-wide sustainability strategy in 2022, the DOUGLAS Group has significantly increased its sustainability activities: In the prior 2022/2023 fiscal year, our sustainability strategy was updated and, within this framework, clear goals were formulated for the Group and action plans defined. In the 2023/2024 fiscal year, all DOUGLAS national subsidiaries and the central functions drew up individual sustainability plans derived from the Group strategy and the three focus areas PEOPLE, PLANET, PRODUCTS. In the PEOPLE area, DOUGLAS concentrates on promoting diversity, equal rights and integration as well as on further developing the corporate culture and employer attractiveness. In the PLANET area, we are continuously working to reduce our emissions and energy consumption in the stores, offices and warehouses, as well as waste and emissions from the supply chain and the environmental footprint of our store design. In the PRODUCTS area, we want to cooperate with our brand manufacturers on sustainability issues, develop our own brands into frontrunners in sustainability and help our customers to make well-informed purchasing decisions with regard to sustainability.

DOUGLAS' ESG (Environmental, Social and Governance) governance and management structure reflects the importance of suatainability for the DOUGLAS Group. Responsibility for ESG lies at Management Board level with CEO Alexander van der Laan. In order to effectively implement our sustainability strategy and to promote and integrate the sustainability transformation throughout the company, we have defined clear responsibilities and accountabilities. An important tool for this is the linking of sustainability targets with the remuneration system for the Management Board

and top management. The set up of ESG roadmaps was included as one of four KPIs as a quantitative target and accounts for 15% of short-term management remuneration (see also the comments in the remuneration report on page 217).

In DOUGLAS' ESG governance structure, the ESG Committee acts as the central steering and decision-making body under the chairmanship of CEO Alexander van der Laan. Other members are CFO Mark Langer as well as executive managers from the relevant central functions and the CEOs of the five DOUGLAS regions DACH (Germany, Austria, Switzerland), BENE (Netherlands and Belgium), France, Southern Europe (Italy, Iberian Peninsula and Adriatic region) and CEE (Central-Eastern Europe). They are responsible for the DOUGLAS Group's sustainability strategy and for strategic decisions in the relevant areas and have drawn up individual country and function-specific sustainability plans to translate the Group's goals into the entire organization.

The Supervisory Board is regularly informed about sustainability issues within the DOUGLAS Group's corporate strategy by the Management Board. At an operational level, the Group-wide ESG Council implements the strategic initiatives as part of the sustainability strategy. The Council also acts as a sounding board for the ESG Committee, points out risks and informs the ESG Committee about progress and successes. The ESG Council is made up of representatives from the relevant central functions - such as Human Resources, Real Estate, Own Brands or Purchasing - as well as the country segments. The work of the ESG Committee and the ESG Council is supported by our Group ESG team, which is led by our Head of Sustainability. The Group ESG team develops the strategic sustainability framework, is responsible for regularly reviewing the strategy and monitors its implementation. It also coordinates and leads stakeholder management and engagement. The Head of Sustainability reports to the Senior Vice President Group Communications & Sustainability. Both are members of the ESG Committee, chair the ESG Committee and also ensure a continuous exchange with the Management Board. Sustainability initiatives across the Group are designed to be cross-functional to ensure alignment with business priorities and a long-term focus on sustainability.

Code of Conduct (Compliance) incl. CSRD

COMPLIANCE AND PREVENTION OF CORRUPTION AND ANTI-COMPETITIVE BEHAVIOR

DOUGLAS has an established compliance management system. This is supported by the Management Board and is an essential component of the DOUGLAS corporate culture for adherence to the principle of legality. The compliance management system is part of the DOUGLAS ESG strategy and makes a substantial contribution to this with its various elements.

GOALS

In the past financial year, the main objective of the Compliance department was to establish a new compliance organization. This was necessary as the previous Audit & Compliance department was split up and responsibilities were separated. Employees were assigned to either the Audit department or the newly formed Compliance organization according to their qualifications.

Our whistleblower system has various options for reporting any compliance violations: in addition to personal reporting offices, there are technical solutions such as a hotline or the option of submitting a report anonymously in a software tool not hosted by DOUGLAS. The whistleblower system has been communicated internally and we aim to continuously raise awareness among our employees.

MEASURES

We were able to recruit employees for a new, four-person Group Compliance team within a short space of time, some of whose members took up their positions already during the reporting period. It is the responsibility of the Group Compliance Office to update the compliance management system and ensure that the system is more firmly anchored

within the Group. Internationally, the compliance structures in the national companies need to be strengthened and responsibilities defined.

The DOUGLAS Group companies have received various reports over the past twelve months. All reports were processed. None of the DOUGLAS Group companies received reports of serious compliance violations that would have required more intensive investigation.

In the past reporting period, we took measures to increase awareness of our whistleblower system. Among other things, a link to the whistleblower tool was integrated into the homepages of our websites in various countries. These measures have led to an increase in the number of reports received.

DOUGLAS has a Code of Conduct that provides employees with guidance and raises awareness of compliance and the corporate culture. Every new employee at the headquarters receives training on the Code of Conduct as part of the onboarding process.

The avoidance and best possible prevention of corrupt behavior is an integral part of ethically impeccable and lawful conduct. The DOUGLAS Group expects all employees to comply with all relevant laws in their day-to-day business activities. This also includes the legal norms that regulate corruption and bribery in the respective local laws of the DOUGLAS Group companies. DOUGLAS pursues a zero-tolerance strategy on these issues out of inner conviction.

Preventive work is at the heart of compliance activities. It is part of the DOUGLAS Group's philosophy that employees should be empowered to recognize and manage critical situations in advance. All relevant rules can be found in the DOUGLAS anti-corruption guidelines on the intranet.

The Compliance department offers all employees comprehensive advice. This service is offered in particular in the run-up to an invitation or when a specific situation arises if employees suspect a possible risk of corruption or bribery. The Compliance Team examines the facts of the case carefully and swiftly. The results and the underlying motives are then explained to the inquirer. In the event of a negative decision, the Compliance department, together with the relevant specialist department, offers to work out a legal solution to the matter.

Communicative measures are an elementary component of the DOUGLAS compliance management system. In the future, this aspect will be reinforced by various measures to further strengthen compliant behavior among DOUGLAS Group employees.

The compliance strategy is to be realigned in the 2024/2025 financial year. The previously decentralized strategy is to be replaced by a centralized one. In future, all compliance activities are to be developed by the members of the Group Compliance Office at the company headquarters. The basis for this strategy is a uniform understanding that is to be classified and communicated by the Management Board.

In conclusion, it should be noted that DOUGLAS is also well positioned due to its clear stance on compliance, even if further steps can be taken and measures implemented in individual areas.

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

In light of the European Regulation on the Corporate Sustainability Reporting Directive, we are updating our materiality analysis in line with the dual materiality approach as part of our preparations for the CSRD reporting obligations. In addition, we are already improving all necessary systems and processes in order to meet the requirements of the CSRD and to be able to report in accordance with the European Sustainability Reporting Standards (ESRS) from the coming 2024/25 financial year. Our basic approach is to integrate our responsibilities, processes, data and IT landscape for ESG reporting into the already established financial reporting structures.

Environment

As a leading omnichannel provider for premium beauty in Europe, DOUGLAS bears responsibility for climate protection and the use of resources. The around 1,880 stores across Europe as well as various administrative locations and the vehicle fleet consume energy and other resources. Climate-relevant emissions are also generated along the entire value chain, including the products sold and logistics. Business operations also require the use of different materials, particularly in the areas of packaging as well as in furnishing of our stores. Climate protection and intelligent energy and resource management are therefore a central component of our sustainability strategy.

Climate protection and emissions

GOALS

As a first step, DOUGLAS has set itself the goal of reducing its directly influenceable greenhouse gas emissions - Scope 1 and 2 emissions - measured in tons of CO2 equivalents, by 50% by 2025 compared to the base year 2018/19. However, we intend to reduce emissions not only in our own area, but along the entire value chain and therefore plan to develop further reduction targets for Scope 1 to 3 emissions by 2025 in line with Science-Based Targets. An overview of Scope 1, Scope 2 and Scope 3 emissions can be found in the table of performance indicators below.

Energy consumption in stores, offices and warehouses is a significant factor in the generation of greenhouse gas emissions. In addition to reducing greenhouse gas emissions, DOUGLAS has therefore set itself the goal of reducing total energy consumption by 50% by 2027 compared to the 2018/19 fiscal year.

MANAGEMENT APPROACH AND MEASURES

In the 2023/2024 financial year, the project to update our climate targets was launched, intending to submit to the Science Based Targets Initiative (SBTi) for validation as soon as possible. As part of this, we are also setting corresponding emission reduction targets for relevant Scope 3 categories. In the course of this, we have also identified all Scope 3 categories relevant to DOUGLAS in accordance with the requirements of the Greenhouse Gas Protocol (GHG) and developed methods for collecting and calculating them. We are integrating the data collection and calculation processes required for GHG-compliant CO_2 accounting into our controlling organization and are consistently expanding the IT systems, processes and role concepts already established to include ESG. We are also working on determining and evaluating the environmental footprint of our own-brand products (see also section 2.3 Products). In doing so, we also calculate the greenhouse gas emissions caused by our own-brand products, which represent a significant component of our Scope 3.1 emissions. For the initial determination and accounting of our Scope 3.2 greenhouse gas emissions caused by the materials used for furniture and furnishings in our stores, we work closely with our Store Fittings department.

In order to achieve the goal of reducing energy consumption by 50% by 2027 compared to the 2018/19 financial year, a Group-wide "Energy Council" was set up to serve as an interface for the transfer of energy knowledge within the Group. The members comprise managers from the headquarters in Düsseldorf, including our CEO, CFO and the regional CFOs, as well as the relevant experts for real estate and energy management.

The aim is to raise awareness in all countries of how energy consumption can be reduced and to provide specific instructions on energy use. In addition, a catalog of relevant ESG criteria has been integrated into the decision-making process for real estate investments in order to consistently take sustainability-related aspects into account.

In order to further improve the transparency of energy consumption and implement measures in a more targeted manner, DOUGLAS launched a Group-wide project to implement smart meters in all stores in the past fiscal year. As part of the project, smart meters are to be installed in all stores by the end of 2024/25. To enable data-based energy management, a comprehensive monitoring system will be introduced in parallel with the implementation of the smart meters. DOUGLAS will use this data to further optimize energy efficiency in the stores over the coming years.

In the 2023/2024 financial year, the conversion from light bulbs to LEDs was driven forward in order to achieve the target of converting all sales areas across the Group to LED by 2027. Currently, the sales areas of around 50% of stores are already lit with LEDs. The majority of sales areas in Germany, Belgium, Spain, Portugal and Poland are already equipped with LED lighting. In France, a further 114 stores were converted this financial year, meaning that 42% of all stores there have now been converted to LEDs.

In addition, other technical devices such as air curtains and air conditioning systems are gradually being replaced by environmentally friendly alternatives and, where possible, powered by renewable energy. While buildings in Germany and Austria have been supplied with renewable energy across the board since the 2022/2023 financial year, we also switched to renewable energy in Belgium, the Netherlands, Spain, Italy, Portugal, Romania and Lithuania in the past 2023/2024 financial year.

Our Düsseldorf headquarters building has been certified with LEED[15] Gold Green Building status, awarded by the German Sustainable Building Council (DGNB), confirming that the renovation of the building has met certain requirements in several environmental categories. In the past 2023/2024 financial year, the DOUGLAS administration in Romania moved to one of the most sustainable office complexes in the country, Oregon Park in Bucharest.

As almost all DOUGLAS stores are leased, we are in continuous dialog with our landlords to find joint solutions for reducing greenhouse gas emissions in our stores. In this context, the DOUGLAS Group has already concluded framework agreements for green lease[16] contracts with some of Europe's largest landlords - such as ECE, Klépierre and URW - in the course of 2024, which meet certain sustainability criteria and standards1 . DOUGLAS aims to conclude further green lease agreements in the future.

Transportation, logistics and the supply chain account for a large proportion of our CO_2 emissions and DOUGLAS has set itself the goal of reducing greenhouse gas emissions in both the B2B and B2C areas. The DOUGLAS Group has therefore initiated a series of measures to make logistics more efficient. For example, the frequency of store deliveries has been reduced and the use of trolleys has been optimized. In addition, we are working with our suppliers and service providers on innovative concepts to reduce emissions when delivering to our warehouses, for example by using double-decker trucks and HVO 100, a sustainable fuel that replaces fossil fuels. The implementation of the "One Warehouse, All Channels" ("OWAC") strategy also leads to significant CO_2 savings due to the reduced number of warehouses. We already use CO_2-neutral services from third-party providers for deliveries to the customers in Germany and intend to expand these in other countries in the future. Furthermore, the range of pick-up and return points for customers is to be expanded.

PERFORMANCE INDICATORS

In recent years, we have already reported sections of our carbon footprint and continuously developed the determination and balancing of the CO_2 emissions relevant to DOUGLAS. In 2024, we were finally able to fully identify,

[15] Leadership in Energy and Environmental Design
[16] : Green leases are lease agreements that align the interests of the tenant and landlord in terms of sustainability, including energy efficiency, water conservation and other environmentally friendly measures. The tenant is committed to using the property sustainably and the landlord is committed to managing the property sustainably to improve the environmental performance of a building.

record and balance all emission categories relevant to DOUGLAS. The reported emissions in categories Scope 1, 2 and 3 correspond to the Greenhouse Gas (GHG) Protocol, a globally recognized and standardized framework for measuring and managing greenhouse gas emissions in private and public companies. The classification of the various emissions is based on the origin of the emissions. Scope 1 covers direct emissions from sources under our direct control. Scope 2 covers indirect emissions resulting from the consumption of purchased energy and Scope 3 includes all other indirect emissions along the value chain, including both upstream emissions (which arise in connection with the goods and services purchased) and downstream emissions (which are associated with the goods and services sold).

ENERGY CONSUMPTION

Energy Source	2018/19	2022/23	2023/24			
	Total mWh	Total mWh	Total mWh	Stores mWh	Offices mWh	Warehouses mWh
Mix Electricity		84.532,5	54.438,9	48.318,2	2.196,2	3.924,6
Renewable Electricity		34.693,7	46.503,8	43.506,3	399,7	2.597,9
Electricity	**137.660,3**	**119.226,2**	**100.942,8**	**91.824,4**	**2.595,9**	**6.522,5**
Natural gas			12.640,4	6.578,4	889,3	5.172,8
Oil			15,4	-	-	15,4
District heating			1.484,5	1.426,3	9,7	48,4
Heating	**43.621,1**	**46.858,0**	**14.140,3**	**8.004,7**	**899,0**	**5.236,6**
Total energy consumption [1]	**181.281,4**	**166.084,1**	**115.083,0**	**99.829,2**	**3.494,8**	**11.759,1**

Footnote 1): The estimate of energy consumption for heating for the previous year 2022/2023 was updated retrospectively due to the significantly improved availability of data in 2023/2024 and therefore more plausible estimation factors.

The table above shows the DOUGLAS Group's energy consumption in the 2023/2024 financial year compared to the previous year and the base year 2018/19 for all buildings used by DOUGLAS. 71% of the energy consumption shown is based on primary data from meter readings and invoices, while 29% of the data was estimated. The estimation method applied for this purpose uses a daily factor for kilowatt hours per square meter, which is derived from the activity data of DOUGLAS-specific building groups. The method was already used in the previous year and was further developed in the current financial year to enable a precise and more building-specific estimate.

In the previous year, energy consumption amounted to 166,084.1 mWh, which corresponds to a total energy consumption of 298 kWh per square meter of retail space. In the 2023/2024 financial year, energy consumption decreased by 31% to 115,083 mWh, which corresponds to a total consumption of 207 kWh per square meter of retail space. As a result, energy consumption was reduced by 37% in the past financial year compared to the base year.

We attribute the significant reduction in our energy consumption primarily to our employees' greatly increased awareness of the need to use energy carefully. In addition, the extensive and effective measures of the Energy Council, as outlined above, have made a significant contribution to this success.

SCOPE 1 - 3 EMISSIONS

GHG Category	2018/19 t CO2e Total	2022/23 t CO2e Total	2023/24 t CO2e Total
1.2 Direct emissions from mobile combustion [1]	2.820,0	1.391,0	**1.447,7**
1.3 Fugitive Emissions	-	3.143,0	**1.282,3**
Scope 1	**2.820,0**	**4.534,0**	**2.730,0**
2.1 Indirect emissions from purchased electricity [2]	**57.634,0**	**32.617,0**	**18.645,2**
Emissions from generation of natural gas	6.400,0	5.450,2	2.457,6
Emissions from generation of district heating	3.656,0	1.514,0	377,1
Emissions from generation of burning oil	-	-	4,4
2.2 Indirect emissions from generation of purchased heating/cooling [3]	**10.056,0**	**6.964,2**	**2.839,1**
Scope 2	**67.690,0**	**39.581,2**	**21.484,2**
Subtotal [4]	**70.510,0**	**44.115,2**	**24.214,3**
3.1 Purchased goods and services	**83,0**	**72,0**	**74.459,4**
3.2 Capital goods	-	-	**4.793,0**
3.3 Fuel and energy related activities [5]	**18.450,0**	**13.493,5**	**7.241,4**
3.4 Upstream transportation and distribution [6]	**5.980,0**	**16.272,0**	**11.999,6**
3.5. Waste from the company	**1.086,0**	**811,0**	**9.450,3**
3.6 Business travel	**892,0**	**1.284,0**	**1.397,1**
3.7 Employee commuting	-	-	**9.537,0**
3.9 Downstream transportation	-	-	**1.021,7**
3.12 Disposal of sold products [7]	**8.435,0**	**11.718,0**	**9.061,4**
3.14 Franchises [8]	-	-	**381,2**
Scope 3	**34.926,0**	**43.650,5**	**129.342,0**
Total	**105.436,0**	**87.765,7**	**153.556,3**

Footnote 1) We have further refined the methodology for estimating and calculating emissions from refrigerant losses compared to the previous year. The reduction in this category is partly due to the more precise estimate.

Footnote 2) Scope 2.1 emissions for the 2022/2023 financial year were adjusted retrospectively due to the above-mentioned update of energy consumption.

Footnote 3) As of this year, emissions from purchased heating or cooling are no longer reported in category 1.1, but under category 2.2.

Footnote 4) The Scope 1+2 emissions for the 2022/2023 financial year have been updated retrospectively based on the above mentioned update on energy consumption.

Footnote 5) Category 3.3 emissions for the 2022/2023 financial year were adjusted retrospectively due to the above-mentioned update of energy consumption.

Footnote 6) Category 3.4 includes emissions from inbound, intercompany and e-com transportation. For the accounting of e-com transports, we assume that DOUGLAS bears the majority of the shipping costs incurred in the e-com business.

Footnote 7) In contrast to the previous year, we now calculate category 3.12 using product category-specific emission factors that were determined as part of a life cycle assessment for our own brand range.

Footnote 8) Due to limited master data for franchise operations in France, we have assumed that they are equipped with the same heating and air conditioning as the other stores operated by Douglas in France and have a comparable average square footage.

The table below shows the emissions emitted by the Douglas Group in metric tons (t) of CO2 equivalents (CO2e), broken down into Scope 1, 2 and 3.

Ecological footprint of the DOUGLAS Group in t CO_2e

	FY 2024/23 t CO2e	FY 2022/23 t CO2e
Emissions from company vehicles [11]	1.391	1.255
Direct emissions from stores, offices and warehouses	11.599	10.964
Thereof emissions from fuel combustion for heating [12]	8.456	7.957
Thereof emissions from refrigerant losses [13]	3.143	3.007
Scope 1	**12.990**	**12.219 ✓**
Emissions from generation of purchased electricity [12], [14]	32.617	39.539
Emissions from generation of purchased district heating/cooling [12]	2.349	2.233
Scope 2	**34.966**	**41.772 ✓**
Subtotal	**47.956**	**53.991**
Emissions from E-com deliveries / fulfillment	16.272	13.131
Emissions from business travels	1.284	743
Emissions from waste to custome	11.718	13.023
Emissions from fuel- and energy-related activities	15.593	15.263
at warehouses and offices [15]	811	235
Emissions from cloud services	72	73
Scope 3	**45.750**	**42.468 ✓**
Total emissions	**93.706**	**96.459**

✓ Data has been audited with limited assurance.

11 No activity data was available for the calculation of emissions caused by company vehicles in Switzerland, therefore the number of cars was estimated.

12 The proportion of gas and electricity consumption in FY 2022/23 and 2021/22, which is not based on activity data, was estimated using a standardized and audited methodology carried out by DOUGLAS, which differs from the methodology in FY 2018/19. For FY 2022/23, a higher proportion was estimated using this methodology than in FY 2021/22, as many buildings had not yet been billed for FY 2022/23 at the time the report was prepared.

13 The refrigerant losses reported are based on an estimate by our external service provider. This estimate was initially carried out in FY2021/22, which is why no values are reported in FY2018/19.

14 Electricity for hybrid vehicles is not recognized in 2021/22 and 2022/23, whereas it is included for hybrid vehicles in France in 2018/19.

15 FY 2021/22 incl. waste in warehouses for France, Italy, Spain, the Netherlands, Parfumdreams and Niche Beauty. FY 2022/23 incl. waste in warehouses for Germany, France, Italy, Spain, the Netherlands, Parfumdreams and Niche Beauty.

Scope 1 and 2 emissions that can be directly influenced account for 16%, while 84% of the total emissions caused relate to Scope 3. Scope 1 includes emissions from our vehicle fleet and fugitive emissions caused by technical losses of refrigerants in the air conditioning systems in our stores. Scope 2 emissions relate to the consumption of purchased electricity and heat in our stores, warehouses and offices and were calculated using the market-based approach.

Scope 1 and 2 emissions were reduced by 66% compared to the base year 2018/19 to 24,214.3 tons of CO_2e. As a result, DOUGLAS has already successfully achieved the climate target set for the 2023/2024 fiscal year - a 50% reduction by 2025. The significant reduction in emissions is mainly the result of the lower energy consumption described above and the comprehensive switch to renewable energy in our stores, offices and warehouses.

At 84%, Scope 3 emissions account for the largest share of the emissions caused by DOUGLAS and result from activities in the upstream and downstream value chain. As already mentioned in the Measures section, we have fundamentally developed our methodology for collecting and calculating these emission categories, which can only be influenced indirectly, as part of a comprehensive project. In previous years, category 3.1 Purchased goods and services only included emissions from cloud services. From this financial year onwards, we now also include emissions from purchased goods and services as well as emissions from all of our corporate and partner brands. For the first time, we are able to report emissions from the materials used for our store design in category 3.2 Capital goods. For category 3.4 Upstream transportation and distribution, we have comprehensively accounted for the emissions from DOUGLAS' logistics flows for the first time. Previously, only the parcels sent in the E-Commerce business were taken into account. In category 3.5 Waste, we now record the waste generated in the warehouses we use based on real activity data, while we estimate the waste in our stores and offices based on the number of employees. For the first time this year, we have also extrapolated the emissions in category 3.7 Commuting based on the number of employees. We also analyzed category 3.9 Downstream transport and distribution for the first time and now includes emissions from the shipping of products that our customers can order from third-party suppliers via our marketplace. In category 3.14 Franchise, for the first time we are reporting the emissions caused by the use of electricity and heat in our franchise partners' stores.

It should be emphasized that the comparability of the Scope 3 data for the current financial year with previous years is severely limited due to the improved data situation and the revised calculation methodology. We are convinced that this important step has enabled us to significantly increase the transparency of the Scope 3 emissions caused by our business activities.

Waste and circular economy

GOALS

DOUGLAS has set itself the goal of reducing the amount of materials used, reducing the amount of waste produced and increasing recycling rates. For this reason, we examine the extent to which recycled and sustainable materials can be used in all areas. A large proportion of the materials we use are packaging materials, which are needed to transport goods safely from suppliers to our warehouses and from our warehouses to the stores or to customers. In addition, we are continuously working to reduce the environmental impact of our store design, as we see this as a key lever due to the large number of stores. Our marketing activities and the packaging of our own-brand products are also continuously reviewed and revised with regard to the efficient use of resources (see also the various measures in chapter 2.3. Products).

MANAGEMENT APPROACH AND MEASURES

In order to reduce resources for transportation and logistics, we already use reusable boxes for the majority of goods deliveries from our warehouses to the stores and back to the warehouses and are working on concepts to reduce the amount of foil used to secure the roll containers and to use alternative materials. In addition, we have already made significant progress with regard to transport packaging in our E-Commerce business. Significant resources can be saved here by introducing optimized packaging sizes, which can also reduce the amount of filling material used. By stopping the mint colour printing for eCom delivery boxes in the DACH region as well as in France, Italy and Spain, fewer chemicals are used in production and recycling is made easier. The switch to brown eCom boxes was also recently started in Poland and Bulgaria and will be rolled out in other countries in Central Eastern Europe in the 2024/25 financial year. In the DACH region, we are also discarding the return labels in the parcels sent. Since this year, our customers have been able to enter the reasons for their return in a comment field in the returns portal. This enables us to respond more specifically to the wishes of our customers, analyze the causes of returns and make optimizations in order to reduce the overall returns rate.

Last year, we revised the existing concept for our store design and were able to achieve material savings in some areas. The optimized design is intended to increase longevity. We focus on the use of high-quality materials and try to use

materials that are as sustainable and durable as possible. Recycled and recyclable materials are increasingly being used for the presentation of our corporate brands, and the proportion of these materials is set to increase. All countries are required to apply the revised concept across the Group for all renovations and new store openings.

Attention is also paid to resource efficiency in POS marketing activities, for example by designing new elements for shop window displays in the DACH region, increasingly using digital elements such as shop window monitors or digital floor displays and only using recycled paper for posters. Excess production of elements can also be avoided through touchpoint-based campaign planning. For the coming 2024/25 financial year, DOUGLAS intends to increase the use of shop window monitors in the DACH region by around 20% and to launch a pilot project for digital floor displays in Switzerland in the same period.

Whenever possible, reusable materials are used, such as the event items (carpets, barrier tape stands (Tensators), artificial flowers) for store openings and anniversary celebrations, which are sent from store to store. However, recurring campaign elements such as at Christmas or during special sales are also stored and used again. In addition, a number of projects are being planned to educate customers about sustainable consumption habits, raise awareness of the environmental impact of returns, for example, and offer incentives to choose environmentally friendly options. Our customers in Germany, Austria, Switzerland and five other countries can already make use of the digital receipt, and other countries are already being piloted. For some months now, we have also been waiving the additional foil packaging and glossy paper when sending our DOUGLAS Card magazine.

PERFORMANCE INDICATORS

DOUGLAS' E-Commerce return rates in the DACH region have remained constant at around 5% in recent financial years and were reduced again in the 2023/2024 financial year from 5.4% in the previous year to 5.2%.

Products

GOALS

DOUGLAS has set itself the goal of supporting its customers in making sustainable purchasing decisions throughout the entire purchasing process. This is done by increasing transparency and the range of sustainable beauty products on offer. This commitment encompasses both the in-store and online shopping experience. As a leading beauty retailer, DOUGLAS has the opportunity to work with its suppliers to drive sustainability issues along the entire value chain. We work closely with the manufacturers of our corporate brands as well as with product and brand partners to increase transparency for our customers, employees and the general public. Climate protection initiatives and measures are evaluated and defined in close consultation with the manufacturers. We have also set ourselves the goal of working with our partners to reduce packaging and promote recycling and reuse.

In addition to our brand partners' product ranges, we are also working to improve the environmental impact of our corporate brands so that they quickly and visibly become more sustainable. We have set ourselves ambitious goals for the coming years and divided these into annual targets, the progress of which is regularly monitored by the relevant specialist department. Within the ESG Committee the Management Board is regularly informed about developments. Our corporate brand targets can be divided into three areas:

Ecological footprint

We aim to reduce the carbon footprint of our corporate brand portfolio by 10% by 2027 and by 20% by 2030, measured in tons of CO2 equivalents according to the GHG Protocol (emissions from the production of purchased goods and services), compared to the base year 2022/2023.

We have also set ourselves the goal of improving the environmental footprint of at least ten of our corporate brand bestselling products every year from 2025.

We will increase transparency for our customers by introducing environmental scores for our corporate brand products.

We will include specific sustainability criteria in our product development process and report on their progress annually.

Ingredients, claims & formulations

We aim to double the proportion of products certified as natural cosmetics among all new corporate brands products by 2027 (compared to the base year 2022/2023).

By 2030, at least 80% of our corporate brand products should be vegan (formulation without animal ingredients or ingredients of animal origin).

Sustainable packaging

In order to reduce packaging waste and offer more sustainable packaging solutions for our corporate brands, we have set ourselves the following goals:

→ By the end of 2025, 100% of paper packaging should be FSC certified.

→ By 2025, at least 80% of our new launches should be "RRR" (Recyclable, Recycled, Reusable), i.e. recyclable, recycled or reusable. By 2030, this share shall be 100%.

MANAGEMENT APPROACH AND MEASURES

Cooperation with brand partners

The topic of sustainability is firmly anchored in DOUGLAS' purchasing and product range strategy. The central "Assortment & Purchasing" team regularly discusses the topic with the strategic brand partners and was also an integral part of the DOUGLAS Global Partner Days in the 2023/2024 fiscal year, at which DOUGLAS presented the corporate strategy and, in particular, the purchasing and product range strategy to the strategic brand partners and manufacturers. A particular focus here was also on the topic of sustainability, with a clear call to drive forward our own plans and joint cooperation in this area.

In the 2023/2024 financial year, workshops were also held with brand partners on the topic of sustainability and joint approaches were developed, for example in the area of packaging and reducing packaging waste. The Group also evaluated and launched its own initiatives to reduce packaging and packaging waste.

A particular focus in the Assortment & Purchasing area in the 2023/2024 financial year was on the product carbon footprint. Initial activities were initiated here to evaluate the emissions assessment (Scope 3) of the product portfolio and, in particular, to meet the requirements of the CSRD in the future.

In addition, DOUGLAS continues to be a member of the EcoBeautyScore® consortium with the aim of actively promoting the development of the scoring system to help consumers make informed and sustainable decisions.

In addition to these actions and initiatives at Group level, the Assortment & Purchasing teams in the DOUGLAS country organizations also actively address the issue of sustainability and pursue sustainability strategies adapted to local conditions.

Corporate brands

In order to achieve our goals and meet the requirements of the CSRD in the future, we have already assessed 70% of our corporate brand range in terms of its ecological footprint this year. In collaboration with our service provider Fairglow®, we were able to determine the CO2 emissions for each product over its entire life cycle. This data forms the basis for part of our 3.1 emissions (see chapter 2.1 Environment / Climate protection and emissions / Performance indicators). With the help of Fairglow®, the results were compared within the cosmetics industry, which enabled us to identify relevant levers for product improvements, for example in packaging and certain ingredients. Based on this data, we are confident that we will achieve our CO2 targets by 2027 and 2030 respectively.

We will achieve our goal of improving the environmental footprint of at least ten new products per year from 2025 in the 2024/25 financial year. As the development of the products requires a lead time of around one year before market launch, the improvements have already been initiated and taken into account. We have switched from plastic to cardboard on a large scale in many Christmas items in the DOUGLAS & NOCIBÉ Collection for 2024 (e.g. in 130,000 make-up palettes, 50,000 luxury advent calendars). This also has a positive effect on the CO2 footprint of the products.

We are also aiming to improve our products in various areas: In future, our Stay & Care nail polishes will contain up to 88% ingredients of natural origin. All sun care tubes will be converted to recycled plastic and the folding boxes will be FSC-certified. We will also replace aluminum tubes with tubes made from recycled plastic for our seasonal products, such as the up to 750,000 hand creams.

With regard to increasing transparency for our customers, we took part in a pilot project run by the EcoBeautyScore® consortium this year. Similar to the Nutri-Score for food, cosmetic products are evaluated according to standardized, comprehensible criteria. Our aim is to evaluate our products and publish the scores when the project goes live.

As we will already achieve our targets in terms of ingredients and formulations in the 2024/25 financial year, we want to set ourselves new and ambitious goals in this area in the coming financial year.

We will already achieve our goal of doubling the proportion of certified natural cosmetics products in new launches by 2027 (from 3% in the base year FY 2022/2023 to 6% in 2027) in the 2024/25 financial year. This will be made possible by intensifying our efforts and significantly expanding our innovation pipeline for 2024/25. In particular, the launch of the DOUGLAS & NOCIBÉ Naturals make-up range (18 SKUs), which has been brought forward to the 2024/25 financial year, will contribute to this success. In view of this development, we are setting ourselves a new, more ambitious target for the future:

We aim to reformulate at least one of our existing (sub)brands for "natural cosmetics" certification by 2027.

In addition to our goal of at least 80% of our product range being vegan by 2030 (according to our definition: formulation without animal ingredients or ingredients of animal origin), we have set ourselves a further goal: To reformulate at least one of our existing (sub) brands for a relevant vegan certification by 2028.

As things stand, the achievement of our targets for reducing packaging waste and introducing more sustainable packaging solutions will be delayed, as the introduction of our packaging guideline did not take place until August 2024 instead of March 2024 as originally planned. With the guideline, we communicate our goals clearly and transparently to our suppliers and expect all suppliers to recognize the guideline and act accordingly. We have specified mandatory criteria for 2025 and 2027, which have already been incorporated into our product development. If necessary, we will offer training courses to support our suppliers in implementing them.

We continued our partnership between DOUGLAS corporate brands and Plastic Bank® this fiscal year. Over the three years of our collaboration, we have now removed the equivalent of 31 million plastic bottles from beaches, while positively impacting the lives of 1,200 people in the corresponding coastal regions. In addition, this year, together with the DOUGLAS brand NOCIBÉ team in France and Plastic Bank®, we supported the "World Clean Up" day and cleaned up sections of beach together on the coast of Dunkerque, France. We are continuing our partnership with the Givaudan Foundation through our corporate brand perfume "Beautiful Stories". The Foundation supports a variety of projects in the areas of sustainable sourcing, health, education and communities in order to sustainably improve the living conditions of people in the regions from which the raw materials are sourced. With each fragrance in the "Beautiful Stories" series, DOUGLAS supports a regional community project of the Foundation in the region where the main raw material comes from.

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Social

Diversity, equity and inclusion

GOALS

DOUGLAS has set itself the clear goal of creating an inclusive working environment that appeals to underrepresented groups and offers them fair and suitable working conditions. A central component of this commitment is the targeted focus on different customer target groups, which are served individually per store or region by appropriate staff. In this way, we want to ensure that our staff respond to the needs of the relevant customer groups in the best possible way and thus contribute to sales success.

To ensure an inclusive working environment throughout the Group, we developed an international Diversity, equity and Inclusion DE&I policy in the past financial year 2023/2024 that sets out clear guidelines for inclusion in leadership and recruitment. Group-wide implementation began in the fourth quarter of 2024 and should be completed by the end of 2025. In addition, there are numerous regional initiatives and projects whose adoption in other countries will be examined and further expanded in the coming years. Furthermore, by October 2025, we want to firmly integrate at least four Employee Resource Groups (ERGs) into the organization, which actively participate in decision-making processes and corporate initiatives in order to represent the diverse interests of our employees at all levels.

For example, France has set itself the goal of increasing the representation of employees with disabilities to 6% by the end of 2027. To this end, initiatives such as barrier-free recruitment processes and workplace adjustments to support employees have been launched.

MANAGEMENT APPROACH AND MEASURES

As an international company, it is of central importance for the DOUGLAS Group to promote a diverse and inclusive work culture. A diverse workforce not only enriches our corporate culture, but also boosts creativity and innovation. Diversity and inclusion are key components of our corporate strategy to ensure that all employees have equal opportunities and can develop their individual strengths.

Our commitment to diversity, equal opportunities and inclusion (DE&I) goes beyond legal requirements and aims to create an environment that values differences. We want to reflect the cultures and communities in which we operate. In the 2023/2024 financial year, we developed an international DE&I policy that sets Group-wide standards and allows for country-specific adaptations.

Implementation of this policy began in the fourth quarter of 2024 and should be completed by the end of 2025. It defines clear guidelines for inclusion in the areas of leadership, recruitment and training and is accompanied by comprehensive communication measures. In the Netherlands and Belgium, the focus is already on training on unconscious bias in order to promote an inclusive corporate culture.

Since the 2023/2024 financial year, DOUGLAS has been a member of the LEAD network, which promotes a diverse and equal workforce through various programs. In the next fiscal year 2024/25, we are offering two places for our employees to participate in the Mentorship and Inclusive Leadership Program. These offerings provide targeted

support for personal and professional development through mentors, webinars and peer learning circles. DOUGLAS thus promotes the development of inclusive leadership skills and strengthens a collaborative working environment.

DOUGLAS Group Technology aims to increase the proportion of female and non-binary employees in the IT department from 28% (reporting date: September 30, 2023) to 35% by August 2026. This is to be achieved through targeted recruitment and further development as part of training and leadership development programs. Progress is monitored on a quarterly basis.

To promote multigenerational inclusion in Central Eastern Europe (CEE), management training and change management training courses are being held there. These measures are designed to enable managers to support an age-diverse workforce. From February 2024 to September 2024, all managers in the region successfully completed these training courses. In Italy, the inclusive management training courses are being expanded to take regional characteristics into account. Language courses and cultural awareness workshops as well as DE&I training will be offered for international employees in particular.

We have also set up an employee network, the Employee Resource Groups (ERGs), as formally established interest groups. These groups offer employees the opportunity to network with like-minded people and act as a mouthpiece for management. Since the 2021/22 financial year, there have been ERGs for LGBTQ+ (beYOUtiful), families (Family (parents & care work) and international employees (INTERNATIONALS@DOUGLAS) at our headquarters in Düsseldorf. An ERG on the topic of sustainability was also established in the reporting year. There are plans to establish further groups throughout the company. Our goal is to permanently integrate at least four ERGs by October 2025. These groups should actively participate in decision-making processes and corporate initiatives. To this end, we will create a framework to support new ERGs in all regions, provide information via local communication channels and establish regular exchange opportunities between HR and the ERG board members.

PERFORMANCE INDICATORS

The result of the DOUGLAS DE&I Index, which was collected as part of our employee survey in the 2023/2024 fiscal year, was 85%. This result illustrates how positively DOUGLAS is perceived by our employees as a diversity-promoting, inclusive and fair employer.

Employee retention

GOALS

DOUGLAS is aware that the success of the company is linked to the commitment, motivation and satisfaction of our employees. Our goal is to be a first-class employer that attracts and retains the best talent. To this end, we offer our employees attractive working conditions, transparent career paths and development opportunities so that they feel valued and supported.

In order to measure the satisfaction of our employees and identify potential for improvement, DOUGLAS collects feedback from its employees every year and has itself evaluated as an employer. In the 2023/2024 reporting year, we conducted the DOUGLAS Engagement Employee Survey in some countries together with the independent provider Great Place To Work®. We intend to expand this survey to all countries in the coming 2024/2025 financial year.

We attach great importance to competency-based assessment and the provision of transparent career paths and development opportunities for our employees. In the 2024/25 financial year, we intend to introduce the standardized job descriptions and transparent job leveling architecture introduced in Germany in the 2023/2024 reporting year in our countries with the highest number of employees, such as France, Poland, the Netherlands and Italy.

For the coming 2024/25 fiscal year, DOUGLAS has also set itself the goal of introducing our goal- and competence-based performance assessment tool, the #DOUGLASDialogue, across the Group in all countries. The #DOUGLASDialogue has already been used as an assessment tool for all employees at the German headquarters since this financial year and is linked to the salary increase process. Implementation at the Polish headquarters will be completed at the start of the new financial year, and the gradual introduction at all other European company headquarters will follow. The aim is to set out clear role expectations and transparent development prospects for all employees and to promote an open and constructive exchange between managers and employees in order to support personal and professional development at all levels.

MANAGEMENT APPROACH AND MEASURES

Our corporate culture is shaped by our purpose and values, which we revised and updated in the 2022/2023 financial year. Our values have been integrated into recruitment, performance reviews and employee development in all countries. To support this initiative, we have held workshops and town hall meetings to discuss the importance of our values in everyday working life and to clarify their significance for our working environment.

Our value-oriented leadership forms the foundation for a high-performance and cooperative working environment. The alignment and collaboration of the DOUGLAS teams is essential to living our purpose and values on a daily basis.

Sustainability goals were introduced as bonus-relevant for all DOUGLAS Group employees in order to promote shared responsibility and a heightened awareness of sustainable action. This underlines DOUGLAS' commitment to integrating sustainability into all aspects of the company and actively involving employees in achieving these important goals. At the beginning of the year, roadmaps were presented to the Management Board by the teams and departments, in which specific ESG goals were defined. This creates a clear focus and enables transparent tracking of progress across all areas.

In order to increase transparency in career paths and development opportunities, standardized job descriptions and a transparent job leveling architecture for central functions in Germany and our clusters were introduced in the 2023/2024 financial year. At the same time, we are working on the introduction of regional salary bands, supported by country-specific benchmark data, to ensure fair and competitive remuneration. The aim is to create sustainable and harmonized salary and bonus structures that meet regional requirements and promote the long-term satisfaction of our employees.

In the 2023/2024 financial year, we trained the majority of our managers and developed tailored training programs for every management level: for example, team leader training courses such as "Transition to Team Management" support team leaders in successfully transitioning into their leadership role. The "Impactful Leaders" training program develops middle management and strengthens both strategic and operational leadership skills. The "Managing My Leadership Performance" program offers special training for the top management level. In addition, a concept for piloting job sharing in management positions and improved working time planning (personnel scheduling) was created in the DACH region in August 2024. The aim is to fully implement these models in all relevant areas by the end of 2025.

We are pursuing a globally standardized learning strategy to establish a uniform and professional learning culture that inspires our employees and promotes their growth. The DOUGLAS Academy mobile learning platform is gradually being rolled out worldwide and supports comprehensive training on induction, product knowledge and sales skills - initially for our beauty advisors and later for other target groups, including our employees in the headquarters throughout Europe.

REGIONAL MEASURES AND PROGRAMS:

As part of our human resources strategy, DOUGLAS specifically promotes young professionals through comprehensive training programs for apprentices, students and interns. At our international headquarters in Düsseldorf, we offer dual study programs with a focus on business administration and finance. The "LEADING YOUNG TALENTS" program introduced in 2023 systematically prepares young talents for future management tasks and with over 200 trainees in Germany, DOUGLAS is one of the leading training companies in the industry. Our positions in the Trendence1) ranking - 8th place across all sectors and 1st place in retail - underscore the attractiveness of DOUGLAS as a training company and our important role in qualifying future specialists.

→ 1) For over 20 years, the Trendence Institute GmbH has been conducting Germany's largest graduate and student survey, which serves as the basis for Arbeitgeber-Ranking.de. The survey has around 25,000 participants in grades 8 to 13 and helps young professionals to find their career start in various sectors.

Our Group-wide employer branding campaigns "THE CODE BEHIND BEAUTY" (Best Employer Branding Campaign - Group at the Trendence Awards 2022) and "THE NEXT GEN BEHIND BEAUTY" have successfully helped to increase the number of applications. This was followed in June 2023 by the international omnichannel employer branding campaign "THE PEOPLE BEHIND BEAUTY", in which employees from all over Europe acted as company ambassadors to present an authentic employer image for our jobs at DOUGLAS stores and headquarters. This campaign has made a significant contribution to raising awareness of DOUGLAS' values as an employer and further promoting employee identification with the company. As part of the harmonization of our external employer presence, uniform career pages have already been successfully introduced in Germany, Portugal, Romania, Austria and Switzerland for all job advertisements at the head offices and stores.

The "DOUBLE YOU" welfare platform supports our employees in Italy by providing them with a credit balance that can be redeemed for shopping vouchers, fuel vouchers, leisure vouchers and reimbursements for child-related expenses, among other things. It is available to all employees who have been with the company for at least six months. To mark our stock market listing in March 2024, we have made a special bonus available on this platform.

In the 2023/2024 reporting year, over 100 hiring managers at our German corporate headquarters took part in training on unconscious bias specifically in the recruiting context, consisting of e-learning content and face-to-face workshops. This initiative underlines our strong commitment to reducing bias errors in hiring decisions and promoting more diverse and inclusive hiring practices - with a clear focus on skills and competencies.

The employee channel @wir.sind.do on Instagram enables direct communication, information sharing and training updates for our store employees. As at September 30, 2024, over 2,000 employees in Germany were following this channel. The channel was successfully expanded to Austria and Switzerland in the 2023/2024 financial year.

In order to measure the satisfaction of our employees and identify potential for improvement, we conducted our employee survey in France, Slovakia, Croatia, Hungary and the Czech Republic in addition to Germany (head office) in the 2023/2024 reporting year. All of the dimensions and aspects surveyed showed a consistent percentage increase compared to the previous year. The insights gained help us to identify potential for improvement, take specific measures and work with our teams to create a working culture based on our values of appreciation, passion and responsibility.

PERFORMANCE INDICATORS

In the 2023/2024 financial year, we achieved a participation rate of 71% in our employee survey (average of all participating countries) and a DOUGLAS engagement score of 72%, which represents a significant improvement compared to the previous year (61%, in German headquarters). These results show that our efforts to create a positive working environment are having an impact.

The Purpose & Values Score as part of our employee survey - in Germany, France, Croatia, the Czech Republic, Slovakia and Hungary - reached 77%, reflecting the successful anchoring of our new Group Purpose "MAKE LIFE MORE BEAUTIFUL".

As of September 30, 2024	Overall	Female manager in office	In stores
DACH/NL	81%	54%	96%
France	95%	65%	98%
Southern Europe	94%	60%	97%
Central Eastern Europe	96%	76%	98%
Parfumdreams / Niche Beauty	68%	37%	100%
Central functions	63%	63%	0%
Total female managers	**89%**	**60%**	**97%**

Customer satisfaction

GOALS

Sustainability is important to every second DOUGLAS customer in Germany and abroad, as an internal representative international brand tracking study shows. We therefore want to focus even more strongly on sustainability throughout the entire customer journey in the future and use our comprehensive omnichannel approach to combine the advantages of physical stores and E-Commerce - including the use of the DOUGLAS app and other apps. As part of this, we want to further expand the "Click and Collect/Return" option, create incentives to return items in-store and raise our customers' awareness of the environmental impact of returns. As part of this, a communication concept is currently being developed to provide our customers with more comprehensive information about the various options.

In addition, we intend to increase the visibility of sustainable beauty products in all areas and to educate our customers more about sustainable consumption habits (amongst others with various promotions, POS marketing activities and online and offline advertising campaigns). We are also planning to expand the amount of information on natural/sustainable products and ingredients both on our websites and in our stores in order to create even more transparency regarding products and ingredients. These measures are supported by the fact that we are increasingly training our Beauty Advisors on sustainable brands and a responsible shopping experience. We are also considering integrating ESG into our customer loyalty program and creating incentives for our customers to behave responsibly.

MANAGEMENT APPROACH AND MEASURES

Our customers are very satisfied overall, as can be seen from the high Net Promoter Score (NPS), which is shown below under "Performance indicators".

In addition to the measures mentioned above, various applications such as the app scanner for product description pages also contribute to this, making it possible to learn more about products in the stores and further improving the omnichannel experience. DOUGLAS also offers a comprehensive online shopping experience through its partner program, online video tutorials, influencer social media videos, social commerce and the DOUGLAS app. DOUGLAS also offers round-the-clock customer service via an integrated, data-driven chatbot for immediate assistance. Our wide range of beauty services and the DOUGLAS loyalty program also contribute to this.

PERFORMANCE INDICATORS

According to its own calculations, DOUGLAS achieved an average Net Promoter Score (NPS)[17] of 263 in the largest DOUGLAS countries[18] in the 2023/2024 fiscal year, which can be rated as good. The results are based on regular international monitoring.

The high level of customer satisfaction is also reflected in the DOUGLAS Beauty Card loyalty program[19]. As of September 30, 2024, the program had around 59 million Beauty Card members. In our largest markets[20], we are represented in every third household, which underlines our outstanding market position.

[17] The NPS measures customer loyalty and satisfaction by asking how likely customers are to recommend the company to others. In the retail industry, a value of more than 20 is generally considered good and more than 40 very good.
[18] The largest DOUGLAS countries are Germany, the Netherlands, France, Italy, Spain and Poland
[19] Not included are the countries Slovenia, Bulgaria. Estonia, Latvia, Lithuania, Hungary as well as Niche Beauty and Parfumdreams
[20] Our largest markets are Germany, Italy, France, Spain, Poland and the Netherlands

Data protection

GOALS

For us as the DOUGLAS Group with 22 European national subsidiaries, the ongoing digitalization of our business models - from customer loyalty programs and online stores to the connection of online and offline services as omnichannel services - is at the heart of our activities. Essentially linked to this is the protection of our customers', employees', business partners' and shareholders' data through compliance with privacy and data protection as fundamental rights under the EU treaties and the EU Charter of Fundamental Rights.

As digital transformation becomes more important, data is gaining economic focus, also drawing the interest of cybercriminals. We counter the risk of cyberattacks and data theft with a comprehensive data protection management system and appropriate technical and organizational measures. Among other things, we are guided by the globally recognized sustainability goals / SDGs (Sustainable Development Goals) of the United Nations and, in this respect, by sustainable data protection.

MANAGEMENT APPROACH AND MEASURES

DOUGLAS has established a data protection management system to implement the requirements of the relevant data protection laws, in particular the EU General Data Protection Regulation, and to safeguard the fundamental rights to privacy and data protection. Among other things, this includes a Group-wide guideline for the protection of personal data, training for our employees and established processes for implementing the rights of affected individuals.

As part of the establishment of the data protection management system, specific contact persons or - if the legal requirements are met - data protection officers have been appointed in the DOUGLAS Group companies. Their main tasks include advising the specialized departments on data protection issues and raising employee awareness. The Management Board is also informed of the status of the data protection management system on an ad hoc basis and by means of annual data protection reports.

In accordance with the company-wide data protection policy, we regularly train all employees on data protection. This enables us to continuously raise our employees' awareness of how personal data is handled. In the 2023/2024 financial year, a Group-wide data protection refresher training course was held for all employees and a Group-wide training tool was set up.

In addition, technical and organizational measures for the protection of personal data have been established throughout the Group, which also ensure the availability of data.

On the DOUGLAS websites and mobile apps, we provide users and customers with detailed information about their data protection rights. In addition, our consent management systems enable users and customers of our web stores to exercise their rights independently.

Respect for human rights

The management of the DOUGLAS Group is aware of its corporate responsibility to respect human rights. We are therefore committed to respecting human rights both in our own business activities and in our supply chains and to working to ensure that those affected by human rights violations have access to remedy.

Our business activities are based on the internationally recognized United Nations Guiding Principles on Business and Human Rights, which enable us to implement the requirements of the National Action Plan for Business and Human Rights.

In addition, our understanding and our human rights due diligence processes are based on the International Bill of Human Rights and the core labor standards of the International Labor Organization, to which we are committed.

GOALS

Since 2023, DOUGLAS has been obliged to comply with the Supply Chain Due Diligence Act in Germany and to provide information on this to the BAFA (Federal Office of Economics and Export Control). As no suspicious cases arose in the 2022/2023 fiscal year as part of the specific risk analysis, DOUGLAS was allowed to limit itself to an abbreviated report, which was submitted to BAFA on time.

We also see an important task in the next financial year in deepening our expertise and taking a more detailed look at the Supply Chain Duty of Care Act.

MANAGEMENT APPROACH AND MEASURES

To further professionalize the implementation of the requirements of the Supply Chain Due Diligence Act, "Integrity Next" was introduced in the reporting period as a market-renowned and proven software. This software supports the risk analysis of suppliers and the preparation of the report in various ways and in great detail.

In the past fiscal year, DOUGLAS increased its efforts to protect human rights. The Management Board's human rights declaration was revised and an employee was appointed Human Rights Officer, to whom DOUGLAS Group employees as well as direct and indirect suppliers can reach out.

DOUGLAS expects its suppliers and other business partners to also commit themselves to respecting human rights, to establishing appropriate due diligence processes and to passing this expectation on to their own suppliers. In order to substantiate this claim, every supplier is obliged to countersign the Supplier Code of Conduct and to agree to DOUGLAS' audit rights before the first delivery. To take account of the new legal situation, the Supplier Code of Conduct was revised again in the year under review.

Additional Disclosures on the EU Taxonomy

DOUGLAS EU TAXONOMY

Reporting on the EU Taxonomy Regulation

With the Action Plan on Financing Sustainable Growth published in 2018, the European Commission has set itself the goal of redirecting capital flows into sustainable investments to ensure that financial resources are channeled into activities that contribute to achieving climate neutrality targets. In order to achieve the EU's climate and energy targets and the objectives of the EU Green Deal, the EU adopted Regulation (EU) 2020/852 "EU Taxonomy Regulation" - a classification system to define "environmentally sustainable" economic activities in 2020. With the adoption of Delegated Regulation (EU) 2021/2139 in 2021, supplemented in 2023 by Delegated Regulation (EU) 2023/2485, Technical Screening Criteria were introduced to determine which economic activities are considered sustainable and thus contribute significantly to climate change mitigation and/or adaptation without significantly compromising other environmental objectives. The aim is to classify economic activities in terms of their contribution to six defined environmental objectives on the basis of defined requirements in order to steer capital flows towards sustainable investments: (1) "climate change mitigation", (2) "climate change adaptation", (3) "sustainable use and protection of water and marine resources", (4) "transition to a circular economy", (5) "pollution prevention and control" and (6) "protection and restoration of biodiversity and ecosystems". While initially only the criteria for Taxonomy eligibility and alignment were defined in relation to the environmental objectives of climate change mitigation and adaptation, the EU also specified the criteria in relation to the remaining four environmental objectives in Delegated Regulation (EU) 2023/2486 in 2023. Companies that are subject to EU Directive 2014/95 on non-financial reporting are also obliged to report in accordance with the EU Taxonomy Regulation.

Therefore, in accordance with Article 8 of Delegated Regulation (EU) 2020/852, reporting entities must disclose the proportion of their turnover, capital expenditure (Capex) and operating expenditure (Opex) associated with Taxonomy-eligible and Taxonomy-aligned economic activities.

For an activity to be considered environmentally sustainable, i.e. Taxonomy-aligned, and to be reported as such, it must meet the following criteria set out in Article 3 of Regulation (EU) 2020/852.

→ **Significant contribution:** The economic activity must make a significant contribution to one of the six environmental objectives in accordance with Articles 10 to 16 by meeting the Technical Sreening Criteria established for that economic activity.

→ **Avoidance of significant adverse effects ('Do No Significant Harm' - 'DNSH'):** It must not significantly harm any of the other environmental objectives.

→ **Minimum safeguards:** The company carrying out the activity must comply with and take measures to ensure minimum safeguards of human rights, including labor rights, bribery/corruption, taxation and fair competition.

Explanations of the procedure - our approach

The DOUGLAS Group is reporting for the first time for this fiscal year 2023/2024 in accordance with the requirements of the EU Taxonomy Regulation and the associated Delegated Acts.

In accordance with the aforementioned regulations, all economic activities that belong to the six environmental objectives mentioned must first be reviewed for their Taxonomy eligibility. For the four newly reportable environmental objectives added in 2023 by Delegated Regulation (EU) 2023/2486 (3) "sustainable use and protection of water and marine resources", (4) "transition to a circular economy" (5) "prevention and reduction of pollution" and (6) "protection and restoration of biodiversity and ecosystems", only the share of Taxonomy-eligible and non-Taxonomy-eligible activities in the KPIs revenue (sales), capital expenditure ("Capex") and operating expenses ("Opex") must be disclosed in relation to the denominator for the 2023/2024 financial year. The calculation is based on the figures reported in the consolidated financial statements, applyinguniform accounting and valuation principles. From the coming financial year 2024/25, Taxonomy alignment must also be reported for these new activities. For the environmental objectives of climate change mitigation and adaptation, information must be provided on both the Taxonomy eligibility and the degree of Taxonomy alignment of the economic activities as well as the corresponding financial KPIs.

The Delegated Acts published under the EU Taxonomy with regard to the six environmental objectives currently cover only a limited selection of sectors and economic activities. The focus is initially on the sectors with the highest CO_2 emissions, which is why the retail sector has not yet been explicitly taken into account. As a result, the economic activity of DOUGLAS', retail of cosmetics and perfumery products, has not yet been classified as Taxonomy-eligible. As a result, no sales are to be reported as Taxonomy-eligible. Even if DOUGLAS does not report any Taxonomy-eligible sales, it must be investigated whether there are potentially Taxonomy-eligible capex or Opex. In this case, this refers to the purchase of products or services from Taxonomy-eligible economic activities and individual measures, to carry out our activities with low carbon emissions or to reduce emissions (so-called category C capex).

To determine the activities relevant to the DOUGLAS Group, the comprehensive lists of activities in the annexes to the Delegated Acts were examined and a shortlist drawn up. A materiality threshold was defined in order to assess whether DOUGLAS is required to report on these potentially relevant activities under the EU Taxonomy Regulation.

In the 2023/2024 financial year, only the capex amounts of activity 7.7 Acquisition and ownership of buildings (including leasing of buildings) of the environmental objectives climate change mitigation and adaptation exceeded the defined materiality threshold. For this reason, our reporting is limited to capex in connection with the leasing of our buildings. Materiality could not be determined for activity 7.3 Installation, maintenance and repair of energy efficiency equipment due to limited data availability. DOUGLAS has already begun to implement measures to be able to provide this data in the future in order to determine whether the value of this activity is above or below the materiality threshold. The economic activities 6.5. Transport by motorbikes, passenger cars and light commercial vehicles, 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings and 7.6. Installation, maintenance and repair of renewable energy technologies were also on the shortlist, but were also below the materiality threshold in the past 2023/2024 financial year. Total Opex according to the EU Taxonomy definition currently amounts to EUR 25 million. With regard to total Opex, only a share of <1% can be attributed to the Opex KPI. The majority of the expenditures included in the Opex denominator are not related to the core business activities of DOUGLAS. Therefore, Opex is not material according to the EU Taxonomy definition. For this reason, we make use of the exemption clause in Annex I of Del. Regulation 2021/2178 of July 6, 2021 by reporting the numerator of the Opex KPI as 0.

Since, as described above, the Taxonomy-eligible Capex of activity 7.7 Acquisition and ownership of buildings that relate to the rights to use the properties (IFRS 16 Right-of-Use Assets) involve acquired products and services (so-called capex C), the fulfillment of the criteria for Taxonomy alignment lies with the corresponding landlords or lessors. DOUGLAS has therefore requested the evidence required for Taxonomy alignment listed in Article 3 of the EU Taxonomy Regulation from the main landlords.

Determination and reporting of Taxonomy key figures

The Taxonomy KPIs and the reporting of Taxonomy-eligible economic activities are determined in accordance with Annex 1 of Delegated Regulation EU 2021/2178 of July 6, 2021. The financial data relevant to DOUGLAS is taken from the consolidated financial statements in accordance with IFRS for the 2023/2024 financial year. The capital expenditures (Capex) for the 2023/2024 financial year are presented in accordance with the requirements of the EU Taxonomy

Regulation, as are the operating expenses in accordance with the content requirements for these KPIs. In order to avoid double counting when assigning the Capex KPIs, each economic activity has been clearly and unambiguously assigned to a category and documented. This ensures transparency and compliance with the requirements of Regulation (EU) 2020/852 and provides a comprehensive overview of our economic activities assessed in accordance with the Taxonomy Regulation.

As the economic activities associated with the core business do not fall under the specific criteria of the Delegated Regulation, this results in a numerator value of '0' and, accordingly, a sales KPI of 0% Taxonomy-eligible and Taxonomy-aligned sales and 100% non-Taxonomy-eligible and non-taxonomy- aligned sales. The reported sales from non-Taxonomy-eligible activities therefore correspond to the DOUGLAS Group's total reported sales of EUR 4,451 million in the 2023/2024 fiscal year. These are explained in detail in the 2023/2024 consolidated financial statements under 5 Sales in the notes to the consolidated financial statements.

We also examined which part of our capital expenditure (Capex) meets the criteria for classification as environmentally sustainable and can therefore be reported as Capex in connection with Taxonomy-eligible and Taxonomy-aligned economic activities. This assessment was based on the criteria set out in Article 3 of the EU Taxonomy Regulation. We have calculated total Capex as the sum of additions to intangible assets, property, plant and equipment and right-of-use assets (excluding revaluations) in the financial year, as disclosed in the notes to the consolidated financial statements under 13 Intangible assets in accordance with IAS 38.118e, 14 Property, plant and equipment in accordance with IAS 16.73e and 15 Right-of-use assets and lease liabilities in accordance with IFRS 16.53h. Additions to right-of-use assets as disclosed in the notes to the consolidated financial statements under 15 of EUR 1,021 million. Total Capex in the 2023/2024 financial year amounted to EUR 3,170 million ("denominator") and Capex for Taxonomy-eligible activities amounted to EUR 1,021 million ("numerator"), resulting in a Capex KPI of 32% Taxonomy-eligible and 68% non-Taxonomy-eligible Capex).

As described above, the Taxonomy-eligible Capex relates to purchased products and services (so-called capex C), which is why the fulfillment of the criteria for Taxonomy alignment lies with our landlords. Based on the information available and the feedback received, DOUGLAS was unable to prove the Taxonomy alignment of the capital expenditures, as the evidence of Taxonomy-aligned Capex was too small in relation to the total amount. Therefore, the proportion of Taxonomy-aligned capex, again in relation to the denominator, is 0%

The definition of Opex according to the Taxonomy Regulation includes expenses for research and development, short-term rental agreements, maintenance and repair costs and certain other expenses. No Taxonomy-eligible Opex was identified for the 2023/2024 financial year due to the materiality thresholds and the numerator of the Opex KPI is stated as zero in the disclosure. The total value of the opex denominator is: EUR 25 million.

The adopted amending regulation 2022/1214 now classifies certain nuclear energy and natural gas activities as environmentally sustainable economic activities according to the EU Taxonomy under certain conditions. DOUGLAS itself does not carry out any activities in the areas of nuclear energy and fossil gas. Detailed information on the Taxonomy KPIs according to Annex II of the Delegated Regulation can be found in the following tables.

				Substantial contribution criteria						DNSH criteria ("do no significant harm")									
Economic activities (1)	Code[2] (2)	Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Propor-tion of tax-onomy-aligned (A.1) or tax-onomy-eli-gible (A.2) Capex FY 2022/23 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		(in Mio. €)	(in %)	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n)	(y/n)	(y/n)	(y/n)	(y/n)	(y/n)	(y/n)	(in %)	(E)	(T)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Capex for environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0								0		
of which enabling activity		0	0	0	0	0	0	0	0								0		
of which transitional activity		0	0	0	0	0	0	0	0								0		
A2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																			
				el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]										
Acquisition and ownership of buildings	CCM 7.7	1.021	32	el	n-el	n-el	n-el	n-el	n-el										
Capex for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		1.021	32	32	0	0	0	0	0								0		
Total (A.1 + A.2)		**1.021**	**32**	**32**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy-non-eligible activities																			
Capex for taxonomy-non-eligible activities (B)		2.149	68																
Total (A + B)		**3.170**	**100**																

1 ‚y' = ‚yes', taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; ‚n' = ‚no', taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

2 CCM: Climate change miti-gation; CCA: Climate change adap-tation; WTR: Water; PPC: Pollution; CE: Circular economy; BIO: Biodiversity.

3 ‚el' = ‚eligible', taxonomy-eligible activity for the respective objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

Proportion of Capex/total Capex		
in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	32
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

				Kriterien für einen wesentlichen Beitrag						(keine erheblichen Beeinträchtigungen)									
Economic activities (1)	Code[2] (2)	Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Propor-tion of tax-onomy-aligned (A.1) or tax-onomy-eli-gible (A.2) Opex FY 2022/23 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		(in Mio. €)	(in %)	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(in %)	(E)	(T)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Opex for environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0								0		
of which enabling activity		0	0	0	0	0	0	0	0								0		
of which transitional activity		0	0	0	0	0	0	0	0								0		
A2 Taxonomy-eligible but not environmentally sustainable activities (not																			
				el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]										
Opex for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		0	0	0	0	0	0	0	0								0		
Total (A.1 + A.2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy-non-eligible activities																			
Opex for taxonomy-non-eligible activities (B)		25	100																
Total (A + B)		**25**	**100**																

1 ‚y' = ‚yes', taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; ‚n' = ‚no', taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

2 CCM: Climate change miti-gation; CCA: Climate change adap-tation; WTR: Water; PPC: Pollution; CE: Circular economy; BIO: Biodiversity.

3 ‚el' = ‚eligible', taxonomy-eligible activity for the respective objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

Proportion of Opex/total Opex		
in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Economic activities (1)	Code[2] (2)	Revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Propor-tion of tax-onomy-aligned (A.1) or tax-onomy-eli-gible (A.2) revenue FY 2022/23 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		(in Mio. €)	(in %)	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(in %)	(E)	(T)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Revenue for environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0								0		
of which enabling activity		0	0	0	0	0	0	0	0								0		
of which transitional activity		0	0	0	0	0	0	0	0								0		
A2 Taxonomy-eligible but not environmentally sustainable activities (not																			
				el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]										
Revenue for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		0	0	0	0	0	0	0	0								0		
Total (A.1 + A.2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy-non-eligible activities																			
Revenue for taxonomy-non-eligible activities (B)		4.451	100																
Total (A + B)		**4.451**	**100**																

Proportion of turnover/total turnover		
in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

1 ‚y' = ‚yes', taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; ‚n' = ‚no', taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

2 CCM: Climate change miti-gation; CCA: Climate change adap-tation; WTR: Water; PPC: Pollution; CE: Circular economy; BIO: Biodiversity.

3 Net sales as reported in the Consolidated Income Statement.

4 ‚el' = ‚eligible', taxonomy-eligible activity for the respective objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

Nuclear energy-related activities	
The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no

Fossil gas-related activities	
The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

Corporate Governance declaration

Pursuant to Sections 289f and 315d of the German Commercial Code (HGB), listed stock corporations must provide a corporate governance statement in the management report and parent companies that are listed as stock corporations must provide such a statement in the group management report. Pursuant to Section 317 (2) sentence 6 HGB, the auditor's review of the disclosures to be made in this corporate governance statement must be limited to whether they have been made.

A. Declaration by the Management Board and the Supervisory Board of Douglas AG on the recommendations of the Government Commission "German Corporate Governance Code" pursuant to Section 161 AktG

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of a listed German stock corporation are obliged to declare annually whether the recommendations of the Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette have been and are being complied with. Recommendations that have not been or are not applied should be named and reasons given for any deviation

The initial listing of Douglas AG shares on the Frankfurt Stock Exchange took place on March 21, 2024. Until this date, the company was not a direct addressee of the German Corporate Governance Code and was not subject to the provisions of Section 161 AktG . Correspondingly , the company did not report on the application of the German Corporate Governance Code or on deviations from the recommendations. The company provided information on the recommendations of the German Corporate Governance Code for the first time in the company's IPO prospectus (p. 279 et seq.).

With the listing of the company's shares on the Frankfurt Stock Exchange, the Management Board and Supervisory Board will now report annually on the application of the recommendations of the German Corporate Governance Code and explain any deviations accordingly. Since the initial listing of the company's shares and also in the future, Douglas AG has complied with all recommendations of the German Corporate Governance Code in the version dated April 28, 2022 , as published in the Federal Gazette on June 27, 2022, with the following exceptions: Recommendation B.3 DCGK: Composition of the Management Board

According to recommendation B.3, the initial appointment of Management Board members should be for a maximum period of three years. Due to the IPO of Douglas AG in 2024, there is the special situation that the three members of the Management Board of the new, listed Douglas AG appointed for the first time at this time were previously at the helm of the DOUGLAS Group, i.e. the predecessor company of Douglas AG. Against this background, the 2024 appointments are not first-time appointments in the strict sense. Nevertheless, for reasons of transparency and good governance, the Management Management Board and the Supervisory Board expressly point out that these appointments of the current members of the Management Management Board were made for a period of four years. From the company's point of view, and in particular from the point of view of the appointing Supervisory Board, the expertise and continuity of the current Management Management Board is a key building block for the long-term success of the DOUGLAS Group. Against this backdrop, the company believes it was appropriate to make the appointments in 2024 for a term of four years. At the present time, no initial appointments are intended, nor is a deviation from recommendation B.3 being sought for any future initial appointments with regard to long-term succession planning. Against this backdrop, the deviation from recommendation B.3 will be dropped with a view to the future.

Recommendation F.2 DCGK: Publication of financial information

According to recommendation F.2 of the Code, the consolidated financial statements and the Group management report should be publicly accessible within 90 days of the end of the financial year and the mandatory interim financial information within 45 days of the end of the reporting period. The Supervisory Board and Management Board of the company consider it sensible and necessary to follow recommendation F.2 of the GCGC in their practice and to comply with it in full in future reporting. As part of the company's IPO in spring 2024, however, considerable internal and external resources were tied up, which were equally responsible for the financial information during the year and for the processes surrounding the IPO. In order to comprehensively meet the quality standards that the company itself strives for in the respective, partly new reports, the company - as already announced in advance in the securities prospectus - made a one-time deviation from recommendation F.2 and made the reporting as of the reporting date March 31, 2024, which was ten days after the initial listing, available within a period of 55 days after the end of the reporting period. All subsequent and future reports will be published in accordance with recommendation F.2, meaning that this deviation from the recommendations of the GCGC will no longer apply in future.

Recommendation G.10 sentence 1 GCGC: Share-based payment

In accordance with recommendation G.10, sentence 1, the variable remuneration amounts granted to the members of the Management Board should be invested by the Management Board, taking into account the respective tax burden, primarily in shares of the company or granted on a share-based basis. As already explained, Douglas AG did not go public until 2024. Against this backdrop, the remuneration structure was fundamentally changed during the past financial year in line with the IPO. In compliance with recommendation G.10 sentence 1, the long-term variable remuneration is predominantly share-based and the Management Board is obliged to hold shares in the company equivalent to at least one or one and a half years' fixed salary. The corresponding explanations are disclosed to shareholders in the remuneration system and in the annual remuneration reports. However, due to the change in remuneration in the past financial year, the share-based long-term remuneration component will not be fully implemented until the 2024/2025 financial year. A deviation must therefore be explained for the previous reporting period, which will no longer apply in future.

Douglas AG

Düsseldorf, December 04, 2024

For the Supervisory Board	For the Management Board
Dr. Henning Kreke	Alexander van der Laan
(Chairman)	(Chairman)

B. Management Board

I. COMPOSITION OF THE MANAGEMENT BOARD

The Articles of Association of Douglas AG stipulate that the Management Board consists of one or more members. The number of Management Board members is determined by the Supervisory Board. The Supervisory Board appoints the members of the Management Board for a maximum period of five years and may reappoint members for further terms of office. The Supervisory Board can revoke such an appointment before the end of the term of office for good cause, for example in the event of a gross breach of duty by the Management Board, inability to manage the company properly or if the Annual General Meeting withdraws its confidence in a member of the Management Board. The Supervisory Board may appoint a Chairman of the Management Board and a Deputy Chairman.

The Management Board currently consists of three members. The current composition of the Management Board is described in more detail in the consolidated financial statements.

When appointing Management Board members, the Supervisory Board ensures that the management team has the necessary knowledge, skills and experience. The focus of the selection process is always on the best interests of the DOUGLAS Group, taking into account the individual circumstances of each case. The Supervisory Board attaches great importance to the professional expertise and personal suitability of the candidates. The Supervisory Board has set an age limit for members of the Management Board, according to which Management Board members must retire from office at the age of 67.

In accordance with Section 111 (5) sentence 1 AktG, the Supervisory Board resolved on March 11, 2024 to set a target for the proportion of women on the Management Board of 0% by February 29, 2028. The sole reason for this target is that the three current male members of the Management Board were already Managing Directors of Douglas Service GmbH. As part of the preparations for the IPO, Mr. van der Laan, Dr. Andrée and Mr. Langer were appointed as members of the Management Board of Douglas AG for the period until the end of February 29, 2028 - and thus for the entire period during which the target was set. In the view of the Supervisory Board, the continuity in the previous composition of the Management Board, which has proven itself at Douglas GmbH, contributes significantly to the success of Douglas AG. This also and especially applies after the implementation of the IPO. The Supervisory Board therefore intends to continue working with the proven management team in the coming years.

In the 2023/2024 reporting year, the composition of the Management Board reached the aforementioned target figure.

Furthermore, the Supervisory Board considered the size of the Management Board of three members to be sufficient for a Douglas AG of the size and orientation of Douglas AG. The Supervisory Board recognized with approval that the legislator's goal of increasing the proportion of women on the Management Board is of great importance. In the past and in the future, various key positions in the DOUGLAS Group at management levels below the Management Board have been and will continue to be held by women. If, contrary to expectations, there is a change in the Management Board or an expansion of the Management Board before the aforementioned terms of office expire, the Supervisory Board will include the goal of increasing the proportion of women on the Management Board in the medium term in its decision.

In cooperation with the Management Board, the Supervisory Board should ensure long-term succession planning for the Management Board (recommendation B.2 GCGC). The current members of the Management Board were appointed for four years until February 29, 2028, as the Supervisory Board believes that the expertise and continuity of the current Management Board for the period before and after the IPO of Douglas AG is a key component for the long-term success of the DOUGLAS Group. The current succession planning of the Audit Committee and the Supervisory Board provides for the mandate of the current Management Board to be maintained at least until the end of its appointment. The Supervisory Board will continuously review the plans it has set itself.

In accordance with Section 76 (4) AktG, the Management Board is obliged to set targets for the proportion of women in the two management levels below the Management Board. All employees in the Douglas internal job levels E01 and

E02 ("Level 1") were defined as the first management level below the Management Board of Douglas AG. The second management level of Douglas AG below the Management Board was defined as all employees in job levels D05 and D06 ("Level 2"). By resolution of the Management Board dated March 10, 2024, the Management Board set the following targets for these two management levels below the Management Board

The target for the proportion of women in Level 1 is 40%. The deadline for achieving this target is December 31, 2028.

The target for the proportion of women in Level 2 is also 40%. The deadline for achieving this target is December 31, 2028.

Detailed information on women in management positions and the diversity concept at the DOUGLAS Group can be found in the "Non-financial statement" section of the annual report.

II. WORKING METHODS OF THE MANAGEMENT BOARD

The Management Board is responsible for managing Douglas AG and represents it in dealings with third parties. It is responsible for managing the company's business in accordance with the law, the Articles of Association and the Management Board's Rules of Procedure. The main duties of the Management Board include determining the strategic direction and management of Douglas AG and the DOUGLAS Group as well as establishing and monitoring an effective internal control and risk management system. The specific duties and responsibilities of the Management Board are described in detail in the rules of procedure issued by the Supervisory Board, which are published on the Douglas website at https://douglas.group/en/investors/governance.

The members of the Management Board are jointly responsible for the overall management. A resolution of the Management Board is required in all matters that are of fundamental or material importance for Douglas AG or the DOUGLAS Group, in particular in matters that have a material impact on the organization, business policy, strategy, net assets, financial position or results of operations or the employees of Douglas AG or the DOUGLAS Group, as well as in all other matters in which a resolution of the Management Board is required by law, the Articles of Association or these Rules of Procedure. Notwithstanding the overall responsibility of the Management Board, each Management Board member shall independently manage the division assigned to him by the Rules of Procedure.

The Chairman of the Management Board manages the business of the Management Board with regard to cooperation with the Supervisory Board and its members as well as the committees of the Supervisory Board. The Chairman of the Management Board will inform the Chairman of the Supervisory Board regularly, promptly and comprehensively about the course of business and the financial situation of Douglas AG. If important events occur and business matters arise that have a significant impact on the financial position of Douglas AG, the Chairman of the Management Board must report to the Chairman of the Supervisory Board without delay.

The Management Board may only undertake the following transactions and measures, among others, with the prior approval of the Supervisory Board:

→ Determination of annual and multi-year planning,

→ Conclusion, termination and amendment of company agreements (control, profit transfer, transfer of business, operating lease agreements) and measures in accordance with the German Transformation Act (mergers, demergers, asset transfers, changes of legal form) and incorporations involving companies outside the DOUGLAS Group,

- → Establishment or liquidation of subsidiaries or (branch) offices with equity, total assets and/or liquidation costs of more than EUR 25 million each or establishment of joint ventures with an investment commitment of more than EUR 25 million each,
- → Acquisition, sale and encumbrance of companies and shares in companies if the company value exceeds EUR 25 million in individual cases,
- → Acquisition, sale and encumbrance of real estate and rights equivalent to real estate if the market value exceeds EUR 10 million in individual cases,
- → Acquisition of property, plant and equipment with the exception of real estate and rights equivalent to real estate with a market value of at least EUR 10 million,
- → Conclusion of rental or leasing agreements with recurring payment obligations over a fixed term totaling at least EUR 10 million,
- → Investments of more than EUR 10 million; several related individual investments are to be treated as a whole,
- → Taking out bank loans of at least EUR 20 million in individual cases and more than EUR 40 million in total within the DOUGLAS Group,
- → Issuing bonds and bonds or other securitized financing instruments as well as borrowings,
- → Assumption of sureties, guarantees or similar liabilities as well as the provision of collaterals for liabilities of non-affiliated companies outside the ordinary course of business,
- → Transactions or measures that lead to a fundamental change in the net assets, financial position or results of operations of the company or the DOUGLAS Group,
- → Conclusion of settlements and other legal waivers that result in a payment obligation for the company or the loss of a claim by the company of more than EUR 10 million,
- → Conclusion and amendment of employment contracts with a gross annual income including target bonus of at least EUR 300,000.00 and
- → Conclusion and amendment of pension agreements with annual pension obligations of at least EUR 30,000.00.

The Management Board must also obtain the approval of the Supervisory Board if it participates in certain transactions of the aforementioned type or in capital increases or capital reductions at a company dependent on the company, in the case of financial commitments to associated companies, irrespective of the amount of the participation and insofar as the company is thereby burdened with more than EUR 30 million in individual cases, through instructions, approval, voting or in any other way.

In addition, the approval of the Supervisory Board is required for all transactions between Douglas AG or a company controlled by Douglas AG on the one hand and the members of the Management Board or persons, companies or associations associated with them on the other, if the value of the transaction alone or together with the transactions carried out with the same person within the current financial year prior to the conclusion of the transaction exceeds EUR 50,000.00.

The Management Board generally makes decisions at meetings, which are usually held weekly and are convened and chaired by the Chairman of the Management Board informally and without notice. Each member of the Management

Board may request that a meeting be convened, stating the subject matter to be discussed, or request that a subject matter be dealt with at a meeting that has already been convened.

The Management Board is quorate if at least half of its members are present at the meeting. By order of the Chairman of the Management Board or with the consent of all members, resolutions may also be passed in a telephone or video conference or outside of meetings by written, text, oral or telephone votes. The Management Board passes resolutions by a simple majority of its members. If more than two members of the Management Board are in office, the Chairman of the Management Board has the casting vote in the event of a tie. If the Chairman of the Management Board is outvoted on a resolution, he has the right to submit the matter to the Executive Committee of the Supervisory Board for consultation. In this case, the execution and implementation of the resolution is suspended until the Executive Committee has been consulted.

Minutes of the meetings of the Management Board must be taken by the Group General Counsel or a representative appointed by him as secretary.

In the 2023/2024 financial year, the Management Board generally met once a week.

III CORPORATE GOVERNANCE INSTRUMENTS

For the most part, Douglas AG follows the recommendations of the German Corporate Governance Code (GCGC) for both the individual company and the DOUGLAS Group. In addition, the Management Board of Douglas AG has introduced internal guidelines to ensure compliance with legal requirements.

The managers and department heads of Douglas AG and the managing directors of the other Group companies are responsible for ensuring that the guidelines and rules within Douglas AG and the DOUGLAS Group are strictly adhered to. In day-to-day business, every manager must ensure that employees have the greatest possible freedom of action without neglecting the fundamental principles of good corporate governance.

1. Financial reporting and annual audit.

The interim consolidated financial statements of the DOUGLAS Group as of December 31, 2023 and subsequently the half-year financial report 2023/2024 have been prepared by Douglas AG in accordance with the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union ("IFRS") and applicable to interim financial reporting (International Accounting Standards (IAS) 34). The audited consolidated financial statements of the DOUGLAS Group for the financial year ending September 30, 2024, have been prepared in accordance with IFRS. The audited unconsolidated financial statements of Douglas AG (then: Kirk Beauty A GmbH) for the financial year ending September 30, 2024, were prepared in accordance with the German Commercial Code. The auditor for the 2023/2024 fiscal year and for the review of the 2023/2024 half-year financial report is KPMG AG Wirtschaftsprüfungsgesellschaft, Cologne. In addition, the recommendations of the German Corporate Governance Code for the audit of financial statements are considered during the audit of the annual financial statements. The Chairwoman of the Audit Committee is informed of any findings of the auditor that indicate that the declaration of conformity is inaccurate. The auditor is also obliged to note such inaccuracies in the audit report.

2. Compliance

Douglas AG has implemented a compliance management system that provides a framework for the appropriateness and effectiveness of compliance management systems as part of its audit. The system contains individual compliance standards and processes and is therefore a key component of our governance system, which serves to prevent and monitor risks. It contains standards and processes to ensure compliance with applicable laws and internal guidelines, as well as a regularly updated regulatory radar.

The Code of Conduct is a key element of the compliance management system. It defines standards of conduct that apply to all employees and board members in the DOUGLAS Group and illustrates DOUGLAS' ethical principles with regard to respect and responsibility, appreciation and honesty, diversity, and tolerant behavior. Douglas AG is convinced that its Group employees contribute to a Group-wide atmosphere of trust and teamwork through open dialog and strengthen the DOUGLAS corporate culture. In addition, the DOUGLAS Group has established a Code of Conduct for its suppliers, which is based on the recognition of labor and social standards as well as international human rights. As part of the implementation of the necessary processes to ensure compliance with the LkSG ("Lieferkettensorgfaltspflichtengesetz"), this Supplier Code of Conduct was updated, and DOUGLAS' OWN Human Rights Declaration was published.

Employee awareness and understanding of compliance issues and policies, including the Code of Conduct, is ensured through regular communication and training. The network of compliance managers in the countries provides DOUGLAS employees with additional support and assistance in compliance matters.

In addition, Douglas AG provides a whistleblower system to enable employees of the entire DOUGLAS Group to report possible compliance violations and to give also our business partners the opportunity to report suspected compliance violations confidentially and anonymously. Reports may relate to criminal offenses or violations of EU or national law, including potential human rights violations or environmental issues.

3. Risk management system and internal control system

The DOUGLAS Group maintains a Group-wide risk management and internal control system that helps management to identify material risks at an early stage and thus initiate countermeasures in good time. The risk management and internal control system is designed at the dutiful discretion of the Management Board and takes into account the scope of business activities and the risk situation of Douglas AG and the DOUGLAS Group companies in accordance with Section 91 (3) AktG. The effectiveness of the DOUGLAS Group's risk management and internal control system is continuously reviewed and adapted to changing conditions.

In the course of its monitoring activities in all material respects and taking into account the continuous improvement initiatives, the Management Board has no reason to doubt the extensive appropriateness and effectiveness of the internal control system in its entirety during the fiscal year. DOUGLAS makes continuous improvements to the ICS based on findings made during internal audits or external audits.

Further details on risk management and the internal control system are explained in the "Opportunity and risk report" of this combined management report.

4. Communication and Transparency

Douglas AG attaches significant importance to transparent communication and regularly informs shareholders, financial analysts, shareholder associations, the media and the public about the situation of Douglas AG and its business performance. This information can be found on the DOUGLAS website in particular.

The DOUGLAS website contains all press releases and financial reports as well as the Articles of Association of Douglas AG, the Rules of Procedure for the Supervisory Board of Douglas AG and information on the Annual General Meeting. In addition to regular reporting, Douglas AG also provides ad-hoc announcements on its website concerning insider information directly relating to Douglas AG in accordance with Article 17 of the European Market Abuse Regulation.

5. ESG reporting

We are currently preparing to set up all the necessary processes to fulfill future ESG reporting obligations and increase transparency.

In accordance with Directive (EU) 2022/202464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive ("CSRD")), we are required to disclose information on what we see as risks and opportunities for our business from a social and environmental perspective (outside-in perspective) and on the impact of our business activities on people and the environment (inside-out perspective). Our ESG reporting must comply with the European standards for sustainability reporting, which supplement the CSRD. The EU aims to support investors, civil society organizations, consumers, and other stakeholders in assessing the sustainability performance of companies as part of the European Green Deal, a series of policy proposals by the EU Commission to combat climate change and environmental degradation with the aim of making Europe the world's first climate-neutral continent.

In order to be prepared for compliance with these and other future ESG reporting requirements, e.g. under the EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020), which requires certain sustainability-related disclosure of our sales , capital expenditure and operating expenses, we have established an internal reporting landscape for regular ESG reporting and are integrating ESG reporting into our financial reporting to ensure aligned processes. In this context, we are also currently updating our materiality assessment in line with CSRD metrics, identifying stakeholder priorities and mapping factors material to our long-term success to create a list of material topics that will form the basis of all our ESG activities, including the definition of further relevant ESG KPIs.

IV. REMUNERATION

On March 10, 2024, the Supervisory Board approved the current remuneration system for the members of the Management Board of Douglas AG in preparation for the IPO on March 21, 2024. The Supervisory Board reconfirmed and formalized this remuneration system in a resolution dated 17 December 2024. The remuneration of the members of the Management Board consists of fixed and variable performance-related remuneration components.

This remuneration system will be submitted to the Annual General Meeting on February 19, 2025, for approval.

The remuneration report for the 2023/2024 financial year was prepared by the Management Board and Supervisory Board. The report of the independent auditor pursuant to Section 162 AktG including the remuneration report and the currently applicable remuneration system pursuant to Section 87a (1) and (2) sentence 1 AktG will be available on the DOUGLAS website.

V. SECURITIES TRANSACTIONS BY MEMBERS OF THE MANAGEMENT BOARD

Members of the Management Board and related parties must disclose transactions involving shares or bonds of Douglas AG or related derivatives or other related financial instruments (Art. 19 EU Market Abuse Regulation). Douglas AG publishes notifications of transactions of this kind on the Douglas website at https://douglas.group/en/investoren/finanznachrichten and in other media.

C. Supervisory Board

I. COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board consists of twelve members. The shareholders appoint six members. The remaining six employee representatives are appointed in accordance with the provisions of the German Co-Determination Act (MitbestG). All current members of the Supervisory Board are listed on the Douglas website at https://douglas.group/en/investoren/governance.

Following its constitution on March 10, 2024, the Supervisory Board of Douglas AG adopted a competence profile with the following information on its composition, considering the recommendations of the GCGC. These are to be considered in particular when appointing members to the Supervisory Board by the Nomination Committee and selecting candidates for election at the Annual General Meeting.

The Supervisory Board is composed of at least 30% women and at least 30% men within the meaning of Section 96 (2) AktG.

The regular age limit for Supervisory Board members was set in the Rules of Procedure at the end of the Annual General Meeting following the completion of a Supervisory Board member's seventy-second year of life.

In accordance with Section 100 (5) AktG, the Supervisory Board must be familiar with the sector in which Douglas AG operates as a whole. The Supervisory Board as a whole should have in-depth experience and knowledge in the following areas:

→ the area of wholesale, retail and mail order (in particular also in the areas of E-Commerce, digital platforms and marketplaces) with goods of all kinds, in particular with cosmetics, beauty and lifestyle products, including the provision of services related to the industry and/or the goods;

→ sustainability issues relevant to Douglas AG in the areas of environment, social affairs and corporate governance, including knowledge of the integration of sustainability goals into the corporate strategy and of sustainable technologies and business models;

→ Digitization and intelligent and digitally networked IT applications;

→ Personnel recruitment and development;

→ Accounting and financial reporting, including sustainability reporting, and auditing, including the audit of sustainability reporting;

→ Controlling and risk management; and

→ Corporate governance and corporate compliance.

At least one Supervisory Board member must have accounting knowledge and another must have auditing knowledge. Their accounting expertise includes knowledge of accounting principles, internal control and risk management. Auditing expertise includes knowledge of auditing (recommendation D.3 GCGC). Both areas also include sustainability reporting and auditing.

More than half of the shareholder representatives must be independent of Douglas AG itself and its Management Board (recommendation C.7 GCGC). At least two shareholder representatives should be independent of the controlling shareholder (Recommendation C.9 GCGC). The Chairmen of the Supervisory Board, the Audit Committee and the Remuneration Committee must be independent of Douglas AG and the Management Board

(Recommendation C.10 GCGC). The Chairman of the Audit Committee must also be independent of the controlling shareholder. No more than two former members of the Management Board of Douglas AG should be members of the Supervisory Board. The Rules of Procedure of the Supervisory Board stipulate that the members should not exercise any executive functions or advisory tasks vis-à-vis major competitors, customers, suppliers or lenders or maintain personal relationships with them. The term of office of the members should not extend beyond the end of the General Meeting after they have reached the age of seventy-two (recommendation C.2 GCGC).

The seats on the Supervisory Board are currently held by the following persons:

Name	Representative status	Supervisory Board	Executive Committee	Audit Committee	Nomination Committee	Arbitration Committee
Dr. Hennig Kreke	Shareholder	– Chairman	– Chairman		– Chairman	– Chairman
Dr. Alexander Dibelius	Shareholder	–				
Georgia Garinois-Melenikiotou	Neutral element	–	–	–		
Dr. Daniel Pindur	Shareholder	–	–	–	–	– Shareholder repr.
Pamela Knapp	Neutral element	–	–	– Chairman		
Can Toygar	Shareholder	–	–	–	–	
Ulrike Gaal	Employees	–				– Employee repr.
Vesna Mandalenakes	Employees	–				
Stefanie Hübner	Employees	–		–		
Ulrike Grabe	Employees	– Deputy Chairman	–			– Deputy Chairman
Petra Ringer	Employees / trade union	–				
Peter King	Employees / trade union	–				

In the opinion of Douglas AG, the criteria of the requirement profile are fully met by the current composition of the Supervisory Board.

		Dr. Hennig Kreke	Dr. Alexander Dibelius	Georgia Garinois-Melenikiotou	Dr. Daniel Pindur	Pamela Knapp	Can Toygar	Ulrike Gaal	Vesna Mandalenakes	Stefanie Hübner	Ulrike Grabe	Petra Ringer	Peter King
Personal details	Member since	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024
	Year of birth	1965	1959	1958	1978	1958	1982	1964	1969	1974	1959	1965	1965
	Gender	Male	Male	female	Male	female	Male	female	female	female	female	female	Male
	Profession	Entrepreneur	Managing Director	Member of the supervisory board of various	Managing Director	Member of the supervisory board of various	Managing Director	Commercial employee / Beauty Expert	Commercial employee / Beauty Expert	Head of E-Commerce Germany	Division Manager	Trade union secretary	Trade union secretary

				companies / consultant		companies / consultant							
	Shareholder representatives	✓	✓	✓	✓	✓	✓						
	Employee representatives within the meaning of the MitbestG							✓	✓	✓	✓	✓	✓
Personal suitability	Independence from the Management Board and the company(1)	✓	✓	✓	✓	✓	✓						
	Independence from a controlling shareholder(1)			✓		✓							
	Time availability(2)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No overboarding(3)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Not exceeding the age limit (72nd year of life)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Not exceeding consecutive period of affiliation (15 years or 3 terms of office)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial expertise	Final examination	✓	✓	✓	✓	✓	✓						
	Accounting	✓	✓	✓	✓	✓	✓						
Knowledge / Experience	Monitoring / Consulting Management Board	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Governance / Compliance	✓	✓	✓	✓	✓	✓						
	Control / risk management	✓		✓		✓							
	Knowledge of industries, markets, and regions	✓		✓		✓		✓	✓	✓	✓	✓	✓
	Sustainability / ESG			✓									
	Digitization			✓		✓				✓			
	Management of international group	✓	✓	✓	✓	✓	✓						
	Personnel recruitment and development	✓								✓	✓		
	International entrepreneurial experience	✓	✓	✓	✓	✓	✓						

(1) In accordance with recommendations C.6, C.7, C.9 DCGK: A shareholder representative is to be regarded as independent within the meaning of this recommendation if it is independent of the company and its Management Board and independent of a controlling shareholder. More than half of the shareholder representatives should be independent of the company and the Management Board. A Supervisory Board member is independent of the company and its Management Board if he or she has no personal or business relationship with the company or its Management Board that could give rise to a material and not merely temporary conflict of interest (please refer to the GCGC for further details). In a company with a controlling shareholder, at least two shareholder representatives should be independent of the controlling shareholder.
(2) In accordance with Principle 12 GCGC: Each member of the Supervisory Board shall ensure that they have sufficient time available to perform their duties.
(3) In accordance with recommendation C.4 GCGC: A Supervisory Board member who is not a member of the Management Board of a listed company should not hold more than a total of five Supervisory Board mandates at non-group listed companies or comparable functions, with one Supervisory Board chairmanship counting twice. Anyone who is a member of the Management Board of a listed company should not hold more than two supervisory board mandates in non-group listed companies or comparable functions and should not chair the supervisory board of a non-group listed company (avoidance of so-called overboarding). The mandates currently held by Supervisory Board members in other companies are published in the CVs of the Supervisory Board members published in the annual report.

II WORKING METHODS OF THE SUPERVISORY BOARD

The members of the Supervisory Board jointly perform the duties of the Supervisory Board in accordance with the Articles of Association and the duties arising from the Articles of Association. The Supervisory Board advises and monitors the Management Board with regard to the management of the company. In addition, certain types of transactions by the Management Board require the prior approval of the Supervisory Board. Significant transactions with related parties in accordance with Section 111b (1) AktG also require the approval of the Supervisory Board.

Rules of Procedure apply to the Supervisory Board, which are available on the DOUGLAS website at https://douglas.group/en/investoren/governance].

All members of the Supervisory Board have the same rights and obligations, unless otherwise stipulated by law or the Articles of Association. In their position as members of the Supervisory Board, they are not bound by instructions.

The meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board at least fourteen days in advance. The Supervisory Board must hold two meetings per calendar half-year. A meeting of the Supervisory Board must also be convened if a member of the Supervisory Board or the Management Board so requests, stating the purpose of and reasons for the meeting. The Supervisory Board convened six meetings in the 2023/2024 financial year.

The Supervisory Board also meets regularly without the Management Board. This applies in particular to meetings or parts of meetings in which the Supervisory Board deals with internal issues or discusses specific Management Board issues, for example. The members of the Management Board will not attend the meetings if the Chairman of the Supervisory Board so determines. If the auditor is called in as an expert, the members of the Management Board will only attend if the Supervisory Board so decides.

The Supervisory Board constitutes a quorum if at least half of the members of which it must consist in total participate in the votes. Unless otherwise stipulated by mandatory law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. If a Supervisory Board vote results in a tie, each Supervisory Board member is entitled to request a second vote on the same topic. If there is still a tie in the second vote, the Chairman of the Supervisory Board shall have the casting vote. Resolutions of the Supervisory Board should generally be passed in meetings. By order of the Chairman or with the consent of all Supervisory Board members, meetings of the Supervisory Board may also be held in the form of a conference call or using other electronic means of communication (in particular by video conference); individual members of the Supervisory Board may be connected to the meetings by telephone or other electronic means of communication (in particular by video link). In these cases, resolutions may also be passed by way of telephone conference or other electronic means of communication (in particular by video conference).

Each member of the Supervisory Board must disclose any conflicts of interest to the Chairman of the Supervisory Board without delay. The latter shall decide on the further handling of the conflict of interest. Material conflicts of interest that are not merely temporary should lead to the termination of the mandate. The Supervisory Board should provide

information on any conflicts of interest that arise and how they are dealt with in its report to the Annual General Meeting. No conflicts of interest were reported in the reporting year.

As part of a self-evaluation, the Supervisory Board regularly assesses how efficiently the Supervisory Board and the committees perform their duties. For this purpose, a questionnaire is distributed to the members of the Supervisory Board, in which they can comment on the effectiveness of the Supervisory Board's working methods and identify areas for improvement. The results of the evaluation of these questionnaires will be discussed at the next ordinary meeting of the Supervisory Board and possible improvements will be discussed. The last self-evaluation of the Supervisory Board was carried out in the second half of the 2023/2024 financial year.

The members of the Supervisory Board assume responsibility for carrying out the training and further education measures required to fulfill their duties, if and insofar as this is necessary to fulfill their duties.

In the 2023/2024 financial year, the Supervisory Board again performed all the duties assigned to it by law or the Articles of Association. The Supervisory Board advised the Management Board on the management of Douglas AG and carefully monitored its activities. The Supervisory Board was also involved in all key decisions. It was regularly, comprehensively and promptly informed by the Management Board about the key aspects of business development, the earnings situation, risks and their management. The Supervisory Board made its decisions on the basis of comprehensive reports and proposed resolutions from the Management Board. The Supervisory Board had sufficient opportunity to discuss the reports and proposed resolutions of the Management Board in plenary sessions and in the committees. The Management Board kept the Supervisory Board fully informed of projects and transactions of particular importance or urgency both in and outside of meetings. The Supervisory Board passed all resolutions required by law or the Articles of Association, in some cases by way of circulation. The Chairman of the Management Board was in constant contact with the Management Board. This enabled events of extraordinary importance for the situation and development of the Group to be discussed immediately.

Further information on the work of the Supervisory Board, in particular the meetings in the 2023/2024 financial year, can be found in the Report of the Supervisory Board. The same applies to the work of the committees, which are described below. The report of the Supervisory Board can be found in the Annual Report and on the Douglas AG website under https://douglas.group/en/investoren/governance.

III. COMMITTEES OF THE SUPERVISORY BOARD AND THEIR WORKING METHODS

In the 2023/2024 financial year, the Supervisory Board established a total of four committees (Executive Committee, Audit Committee, Nomination Committee and Mediation Committee) to perform its duties.

1. Executive Committee

The Executive Committee coordinates the work of the Supervisory Board and prepares the meetings of the Supervisory Board. The Executive Committee advises and supervises the Management Board in the management and development of the company's business, particularly with regard to sales and earnings performance, as well as the situation of the company and the DOUGLAS Group and its subsidiaries. The Executive Committee reports regularly to the Supervisory Board.

The Executive Committee prepares the personnel decisions of the Supervisory Board with regard to the appointment and employment of members of the Management Board. Instead of the Supervisory Board, the Executive Committee decides on matters that are conclusively listed in the Supervisory Board's Rules of Procedure. Furthermore, in exceptional and urgent cases, the Executive Committee can decide in place of the Supervisory Board on the approval of measures by the Management Board that require approval in accordance with the Rules of Procedure of the Management Board. Members of the Management Board disclose conflicts of interest to the Chairman of the

Supervisory Board. The latter first discusses them with the Executive Committee, which decides on the further handling of a conflict of interest.

The Executive Committee consists of six members. It consists of the Chairman of the Supervisory Board, his deputy and four other Supervisory Board members elected by the shareholders. The Chairman of the Executive Committee is the Chairman of the Supervisory Board.

2. Audit Committee

The Audit Committee monitors the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system and the compliance function as well as the monitoring of the financial reports. In this context, it monitors in particular the selection and independence of the auditor, the quality of the statutory audit and the additional services provided by the auditor. For this purpose, the Audit Committee can exercise the special investigation and audit rights granted to the Supervisory Board in accordance with Section 111 (2) AktG. Each member of the Audit Committee may obtain information directly from the heads of the central departments of the company responsible for the tasks of the Audit Committee via the Chairman of the Committee. The committee chairman must inform all committee members of the information received and notify the Management Board immediately.

The Audit Committee makes a recommendation to the Supervisory Board for its proposal on the appointment of the auditor, which is submitted to the Annual General Meeting. In place of the Supervisory Board, it decides on the agreements with the auditor (in particular the audit assignment, the determination of the audit focus and the fee agreement). It takes appropriate measures to determine and monitor the independence of the auditor. In particular, the Audit Committee is responsible for approving non-audit-related services in order to ensure the independence of the auditor.

The Audit Committee discusses the audit risk assessment, audit strategy, audit planning and audit results with the auditor. The Chairman of the Audit Committee regularly discusses the progress of the audit with the auditor and reports on this to the committee. The Audit Committee regularly consults with the external auditors without the Management Board.

The Audit Committee prepares the resolutions of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements. To this end, it is responsible for conducting an initial audit of the annual financial statements, the consolidated financial statements, the combined management report and the proposal for the appropriation of net profit. The auditor must participate in these consultations of the Audit Committee. In addition, meetings of the Audit Committee are held as required.

The Audit Committee consists of five members, namely four Supervisory Board members representing the shareholders and one Supervisory Board member representing the employees. At least one member of the Audit Committee must have specialist knowledge in the area of accounting and at least one other member must have specialist knowledge in the area of auditing. The accounting expertise includes special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the auditing expertise includes special knowledge and experience in the auditing of financial statements. Accounting and auditing also include reporting on sustainability as well as its review and confirmation. The Chairman of the Audit Committee must have appropriate expertise in at least one of the two areas. The corporate governance statement names the relevant members of the Audit Committee and provides information on their expertise in the areas mentioned. The Chairman of the Supervisory Board may not be the Chairman of the Audit Committee.

The above requirements were met in the 2023/2024 financial year.

3. Nomination Committee

The Nomination Committee prepares the Supervisory Board's proposals to the Annual General Meeting for the election of Supervisory Board members. The Nomination Committee did not have to meet in the 2023/2024 financial year.

The Nomination Committee consists of the Chairman of the Supervisory Board and two other Supervisory Board members who represent the shareholders. The Chairman of the Supervisory Board is also the Chairman of the Nomination Committee.

4. Mediation Committee pursuant to § 27 (3) MitbestG

The Supervisory Board has formed a Mediation Committee. In accordance with sections 27 para. 3 and 31 para. 3 sentence 1 of the German Co-Determination Act (MitbestG). The Mediation Committee has the task of drawing up a mediation proposal for the election of the Management Board in the event that the required majority is not reached.

The Mediation Committee consists of the Chairman of the Supervisory Board and his deputy as well as one member of the Supervisory Board elected by the Supervisory Board representing the employees and one member of the Supervisory Board elected by the shareholder representatives, each with a majority of the votes cast.

IV. REMUNERATION

The remuneration of the members of the Supervisory Board of Douglas AG is based on Section 13 of the Articles of Association. Accordingly, the members of the Supervisory Board receive a fixed remuneration for their activities, the exact amount of which depends on the tasks performed on the Supervisory Board or its committees, as well as reimbursement of expenses. No variable remuneration is paid.

The remuneration report for the 2023/2024 financial year was prepared by the Management Board and Supervisory Board. The auditor's report pursuant to Section 162 AktG together with the remuneration report and the applicable remuneration system pursuant to Section 87a (1) and (2) sentence 1 AktG are published on the Douglas website at https://douglas.group/en/investoren/governance.

V. SECURITIES TRANSACTIONS BY MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board and related parties must disclose the managers' transactions with shares or bonds of Douglas AG or related derivatives or other financial instruments (Art. 19 EU Market Abuse Regulation). Douglas AG publishes notifications of transactions of this kind on the Douglas website at https://douglas.group/en/investoren/finanznachrichten and in other media.

D. Shareholders and Annual General Meeting

The share capital of Douglas AG is divided equally into 107,692,308 no-par value bearer shares. As stipulated in the Articles of Association, all shareholders who have duly registered for participation and submitted proof of share ownership are entitled to attend the Annual General Meeting and exercise their voting rights. Each share entitles the holder to one vote at the Annual General Meeting. There are no shares with multiple or preferential voting rights and no maximum voting rights.

The Management Board is authorized to hold the Annual General Meeting without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting (virtual Annual General Meeting). This authorization was exercised for the Annual General Meeting for the 2023/2024 financial year, meaning that the 2025 Annual General Meeting will be held purely virtually.

The Annual General Meeting decides on the appropriation of profits and the discharge of the Management Board and Supervisory Board and elects the members of the Supervisory Board and the auditor. In particular, the Annual General Meeting also decides on the Articles of Association and the purpose of the company as well as on significant corporate measures such as intercompany agreements.

Douglas AG

Düsseldorf, December 17, 2024

The Management Board The Supervisory Board

Takeover-related disclosures for Douglas AG (pursuant to Section 289a of the German Commercial Code)

1. COMPOSITION OF THE SUBSCRIBED CAPITAL

The share capital of Douglas AG amounts to EUR 107,692,308.00 and is divided into 107,692,308 no-par value bearer shares. All shares carry the same rights and obligations. The rights and obligations of shareholders are based on the provisions of the German Stock Corporation Act (AktG).

2. RESTRICTIONS RELATING TO VOTING RIGHTS OR THE TRANSFER OF SHARES

Each share entitles the holder to one vote at the Annual General Meeting. The shareholders' share in the profit is determined by their share in the share capital. In cases of Section 136 AktG, the voting rights of the shares concerned are excluded by law. Otherwise, the Management Board is not aware of any agreements between shareholders that contain restrictions on the exercise of voting rights or the transfer of shares.

3. DIRECT OR INDIRECT SHAREHOLDINGS IN THE CAPITAL THAT EXCEED 10 PERCENT OF THE VOTING RIGHTS;

Douglas AG shares are traded on the stock exchanges in Frankfurt am Main and elsewhere. As at September 30, 2024, approximately 68% of the company's shares were held by Kirk Beauty International S.A., based in Luxembourg, with the remaining shares in free float.

According to the notifications available to Douglas AG in accordance with the provisions of the German Securities Trading Act, CVC Capital Partners plc, based in Jersey, and Lobelia Lux S.à.r.l., based in Luxembourg, are each attributed more than 10% of the voting rights in Douglas AG.

The Management Board is not aware of any other direct or indirect shareholdings in the capital that exceed 10% of the voting rights.

4. HOLDERS OF SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares in the company with special rights conferring powers of control.

5. TYPE OF VOTING RIGHT CONTROL IF EMPLOYEES HOLD AN INTEREST IN THE CAPITAL AND DO NOT EXERCISE THEIR CONTROL RIGHTS DIRECTLY

There is no indirect control of voting rights within the meaning of Section 289a (1) No. 5 and Section 315a (1) No. 5 HGB by employees holding an interest in the capital.

6. STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Members of the Management Board are appointed and dismissed on the basis of Section 6 (3) of the Articles of Association and Sections 84, 85 AktG and Section 31 of the German Co-Determination Act (MitbestG). Accordingly, members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Reappointment or extension of the term of office, in each case for a maximum of five years, is permitted. A majority of two-thirds of the votes on the Supervisory Board is required for the appointment of Management Board members. If no appointment is made in this way, the appointment procedure described in Section 31 (3) and (4) MitbestG applies. These rules apply accordingly for the revocation of a Management Board appointment. The appointment may be revoked by the Supervisory Board if there is good cause. In accordance with Section 6 (1) and (2) of the Articles of Association, the Supervisory Board determines the number of members of the Management Board and may appoint a Chairman of the Management Board and a Deputy Chairman. In accordance with Section 6 (3) of the Articles of Association, the authority to issue rules of procedure for the Management Board is transferred to the Supervisory Board.

§ Section 17 para. 2 of the Articles of Association stipulates, in deviation from Sections 119 para. 1 no. 6 AktG, Section 133 AktG and Section 179 para. 2 AktG, that resolutions to amend the Articles of Association are passed by the Annual General Meeting with a simple majority of the votes cast and, if a capital majority is required, with a simple majority of the share capital represented when the resolution is passed, unless a larger majority is required by mandatory statutory provisions or these Articles of Association. In accordance with Section 10 (4) of the Articles of Association, the Supervisory Board is authorized to adopt amendments to the Articles of Association that only affect their wording.

7. POWERS OF THE MANAGEMENT BOARD, IN PARTICULAR WITH REGARD TO THE POSSIBILITY OF ISSUING OR BUYING BACK SHARES

Authorized capital 2024:

The Management Board is authorized to increase the company's share capital by up to EUR 32,307,692.00 until 18 March 2029 with the approval of the Supervisory Board by issuing up to 32,307,692 no-par value bearer shares against cash and/or non-cash contributions. The authorization can be used in full or in part, once or several times. Shareholders are generally entitled to subscription rights. In the case of capital increases against cash contributions, the shares may also be acquired by banks or companies specified by the Management Board within the meaning of Section 186 (5) sentence 1 AktG with the obligation to offer them to shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- to compensate for peak amounts;
- to increase the share capital against contributions in kind, in particular for the purpose of mergers or the acquisition of companies, equity interests in companies, parts of companies, industrial property rights (such as patents, utility models, trademarks or licenses relating thereto) or other product rights;
- to the extent necessary to grant subscription rights to holders or creditors of option and/or conversion rights or corresponding option and/or conversion obligations from bonds issued or to be issued by the company and/or by a subordinated Group company to the extent to which they would be entitled after exercising their option and/or conversion rights or after fulfillment of the option and/or conversion obligation;
- to issue shares to service employee participation programs to members of the Management Board, persons who are or were employed by the company or one of its affiliated companies and/or members of the management of one of the company's affiliated companies;

- in the case of capital increases against cash contributions, if the total pro rata amount attributable to the new shares for which the subscription right is excluded does not exceed 20% of the share capital either at the time this authorization becomes effective or at the time this authorization is exercised and the issue price of the new shares is not significantly lower than the stock market price of the shares of the same class already listed at the time the issue price is finally determined.

The Management Board is also authorized to determine the further details of the capital increase and its implementation with the approval of the Supervisory Board. The Supervisory Board is authorized to amend the wording of the Articles of Association accordingly after full or partial utilization of the authorized capital or expiry of the period for utilization of the authorized capital.

Conditional capital 2024:

The share capital is conditionally increased by up to EUR 21,538,461.00 through the issuance of up to 21,538,461 new bearer shares. The conditional capital increase will only be implemented to the extent that holders of convertible and/or option bonds and/or comparable instruments with conversion and/or option obligations or tender rights of the company, issued by virtue of the authorization resolution of the General Meeting dated March 19, 2024, until March 18, 2029, by the company or issued by a subordinated group company and guaranteed by the company, exercise their options or conversion rights from these bonds, or fulfill their obligation to exercise options or convert, or to the extent the company exercises a choice to grant bearer shares of the company instead of paying the due monetary amount, in whole or in part, and insofar as a cash settlement is not provided or own shares or shares of another listed company are not used to serve the obligation.The issuance of the new shares occurs at the option or conversion price to be determined in accordance with the respective authorization resolution. The new shares participate in the profits from the beginning of the financial year in which they are created; insofar as legally permissible, the Management Board can determine the profit participation of the new shares, deviating from this and from § 60 para. 2 AktG, also for an already expired financial year. The Management Board is authorized, with the approval of the Supervisory Board, to set further details of the implementation of the conditional capital increase.

Treasury shares:

→ In accordance with the resolution of the Annual General Meeting on 19 March 2024, the Management Board is authorized until 18 March 2029 to acquire treasury shares in the company up to a total of 10% of the company's share capital existing at the time this authorization takes effect or - if this value is lower - at the time this authorization is exercised. The authorization may be exercised, individually or jointly, by the company or by subordinate Group companies of the company or by third parties for the account of the company or its subordinate Group companies. The authorization to acquire and use treasury shares may be exercised in full or in part, once or several times. The authorization may be exercised for any legally permissible purpose, in particular in pursuit of one or more of the purposes listed below. If the authorization is used for one or more of the purposes listed below, shareholders' subscription rights are excluded. Furthermore, in the event of the sale of treasury shares by means of an offer to all shareholders, the Management Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights for fractional amounts.

→ At the discretion of the Management Board, shares may be acquired via the stock exchange or by means of a public purchase offer or a public invitation to shareholders to submit an offer to sell. If treasury shares are acquired via the stock exchange, the purchase price paid by the company (excluding incidental acquisition costs) may not be more than 10% higher or lower than the price of the company's shares determined by the opening auction on the trading day in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange.

→ If the shares are acquired via a public purchase offer or a public invitation to submit an offer to sell, the purchase or sale price offered or the limits of the purchase or sale price range per share (excluding incidental acquisition costs)

may not exceed or fall below the average closing price in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the three trading days prior to the day of the public announcement of the offer or the public invitation to submit an offer to sell by more than 10%. If, after the publication of a purchase offer, there is a significant deviation in the relevant price, the offer may be adjusted. In this case, the average price of the three trading days prior to the date of publication of any adjustment will be used as a basis; the 10% limit for exceeding or falling below this amount is to be applied to this amount. If the purchase offer is oversubscribed or, in the case of an invitation to submit an offer to sell, not all of several equivalent offers can be accepted, acceptance must be based on the ratio of shares tendered (tender ratios). In addition, shares may be rounded down to avoid fractional shares.

→ The Management Board is authorized to sell the treasury shares acquired on the basis of the above authorization in a manner other than via the stock exchange or by means of an offer to all shareholders, provided that the sale is made for cash and at a price that is not significantly lower than the market price of the company's shares at the time of the sale (simplified exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG). The shares sold on the basis of this authorization may not exceed a total of 10% of the share capital, neither at the time this authorization becomes effective nor at the time it is exercised. The maximum limit of 10% of the share capital is reduced by the proportionate amount of the share capital attributable to those shares that were issued during the term of this authorization with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG. Furthermore, this limit is reduced by shares that were issued or can be issued to service option or conversion rights, provided that the bonds were issued during the term of this authorization with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG.

→ The Management Board is authorized to transfer the treasury shares acquired on the basis of the above authorization to third parties in return for non-cash contributions, in particular when acquiring companies, parts of companies or interests in companies or in the case of mergers, as well as when acquiring other assets, including rights and receivables.

→ The Management Board is authorized to redeem the treasury shares acquired on the basis of the above authorization without a further resolution by the Annual General Meeting. The redemption generally leads to a capital reduction. In deviation from this, the Management Board may determine that the share capital remains unchanged and that the proportion of the remaining shares in the share capital increases instead as a result of the redemption in accordance with Section 8 (3) AktG. In this case, the Management Board is authorized to adjust the number of shares stated in the Articles of Association.

→ The Management Board is authorized to use the treasury shares acquired on the basis of the above authorization to fulfill obligations arising from conversion or option rights or conversion obligations from convertible bonds or bonds with warrants or profit participation rights or participating bonds (or combinations of these instruments) issued by the company or its subordinate Group companies that grant a conversion right or option right or stipulate a conversion or option obligation.

→ The Management Board is authorized to use the treasury shares acquired on the basis of the above authorization to grant treasury shares to holders of convertible bonds or bonds with warrants or profit participation rights or participating bonds (or combinations of these instruments) issued by the company or its subordinated Group companies, which grant a conversion or option right or stipulate a conversion or option obligation, to the extent to which they would be entitled to a subscription right to shares in the company after exercising the conversion or option right or after fulfilling the conversion or option obligation.

- The Management Board is authorized to offer the treasury shares acquired on the basis of the above authorization to persons who are or were employed by the company or one of its affiliated companies (employee shares).

- The authorizations may only be used with the approval of the Supervisory Board.

- The authorizations may also be exercised by subordinate Group companies of the company or by third parties for the account of the company or its subordinate Group companies.

Bonds with warrants and/or convertible bonds, profit participation rights and/or income bonds:

In accordance with the resolution of the Annual General Meeting on March 19, 2024, the Management Board is authorized, with the approval of the Supervisory Board, to issue bearer and/or registered bonds with warrants and/or convertible bonds, profit participation rights and/or participating bonds (or combinations of these instruments) (together "bonds") with a total nominal amount of up to EUR 500,000,000.00 with or without a limited term on one or more occasions until March 18, 2029 and to grant the holders or creditors of bonds option or conversion rights (also with option or conversion obligations or tender rights of the company with or without a limited term and to grant the holders or creditors of bonds option or conversion rights (also with option or conversion obligations or tender rights of the company) to a total of up to 21,538,461 new no-par value bearer shares of the company with a pro rata amount of the share capital of up to EUR 21,538,461.00 in accordance with the more detailed provisions of the bond conditions of the bonds. The bonds may also be issued against non-cash contributions.

The bonds may be issued in euros or - limited to the corresponding equivalent value - in a foreign legal currency, for example that of an OECD country. They may also be issued by a subordinated Group company of the company with its registered office in Germany or abroad. In this case, the Management Board is authorized, with the approval of the Supervisory Board, to assume the guarantee for the bonds on behalf of the company and to grant the holders of such bonds option or conversion rights (also with option or conversion obligations or tender rights of the company) for no-par value bearer shares of the company.

The bonds can be issued with a fixed or variable interest rate. The bonds can be divided into partial bonds.

If bonds with warrants are issued, one or more warrants are attached to each partial bond, which entitle the holder to subscribe to no-par value bearer shares in the company in accordance with the option conditions to be determined by the Management Board with the approval of the Supervisory Board. Furthermore, provision may be made for fractional amounts to be combined and, if necessary, added up and/or settled in cash against additional payment for the subscription of whole shares. The option conditions may also stipulate that the option price can be fulfilled by transferring partial bonds and, if applicable, additional cash payment. The same applies if warrants are attached to a profit participation right or a participating bond.

If convertible bonds are issued, the holders receive the right to convert their partial bonds into no-par value bearer shares of the company in accordance with the terms and conditions of the convertible bond to be determined by the Management Board with the approval of the Supervisory Board. The conversion ratio is calculated by dividing the nominal amount or the issue amount of a partial bond that is below the nominal amount by the fixed conversion price for a no-par value bearer share of the company and can be rounded up or down to a whole number; if necessary, an additional payment to be made in cash can be determined. Provision may also be made for fractional amounts to be combined and/or settled in cash. The same applies to convertible profit participation rights and convertible profit participation bonds. The proportionate amount of the share capital of the no-par value shares of the company to be issued per partial bond may not exceed the nominal amount of the partial bond. § Section 9 (1) AktG and Section 199 AktG remain unaffected.

The terms and conditions of the bonds may also provide for an option or conversion obligation or the right of the company at the end of the term or at another time (in each case also "final maturity") to grant the holders of the bonds shares in the company or another listed company in whole or in part instead of payment of the cash amount due upon final maturity of the bonds.

The terms and conditions of the bonds may provide for the right of the company not to grant new shares in the event of the exercise of an option or conversion or the exercise of a tender right of the company, but to pay the equivalent value in cash. The bond conditions may also provide that the bonds may, at the company's discretion, be converted into new shares from authorized capital, into existing shares of the company or into shares of another listed company instead of into new shares from conditional capital, or that an option right or an option obligation may be fulfilled by the delivery of such shares or that shares may be tendered by the company by means of such shares.

The option or conversion price to be determined must, except in cases where an option or conversion obligation or a tender right of the company is provided, amount to at least 80% of the weighted average of the stock exchange prices of the company's shares in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last ten trading days prior to the day of the resolution on the issuance of the bonds by the Management Board, or – in the case of granting a subscription right – at least 80% of the weighted average of the stock exchange prices of the company's shares in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange in the period from the beginning of the subscription period until the third day prior to the announcement of the final terms in accordance with § 186 para. 2 sentence 2 AktG (inclusive). This also applies to a variable exchange ratio or conversion price. In the case of bonds with an option and/or conversion obligation or a tender right of the company to deliver shares, the option or conversion price for a share may correspond to the weighted average market price of the company's shares in the XETRA trading system (or in a comparable successor system) of the Frankfurt Stock Exchange during the ten trading days before or after the final maturity date or another specified date, even if this is below the aforementioned minimum price (80%). § Section 9 para. 1 in conjunction with. § Section 199 (2) AktG must be observed.

If the company increases its share capital during the option or conversion period or sells treasury shares, in each case granting a subscription right to its shareholders, or issues, grants or guarantees further bonds with warrants or convertible bonds or option or conversion rights, granting a subscription right to its shareholders, and in the aforementioned cases does not grant the holders of existing option or conversion rights a subscription right for this, as they would be entitled to after exercising the option or conversion right or fulfilling their option or conversion obligations or after tendering shares as a shareholder, or if the share capital is increased by a capital increase from company funds, the bond conditions can be used to increase the share capital. the fulfillment of their option or conversion obligations or after tendering shares as a shareholder, or if the share capital is increased by means of a capital increase from company funds, the bond conditions can ensure that the economic value of the existing option or conversion rights remains unaffected by adjusting the value of the option or conversion rights, insofar as the adjustment is not already regulated by law. This applies accordingly in the event of a capital reduction or other capital measures, restructuring, the acquisition of control by third parties, the payment of a dividend or other comparable measures that lead to a dilution of the value of the option or conversion rights or obligations; Section 9 (1) AktG and Section 199 AktG remain unaffected.Shareholders are generally entitled to subscription rights, i.e. the bonds must generally be offered to the company's shareholders for subscription. The bonds may also be taken over by one or more banks or companies determined by the Management Board within the meaning of Section 186 para. 5 sentence 1 AktG with the obligation to offer them to the company's shareholders for subscription (indirect subscription right). If bonds are issued by Group companies of the company, the company shall ensure that the corresponding subscription rights are granted to the shareholders of the company. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights to bonds:

1) for fractional amounts resulting from the subscription ratio;

→ if the Management Board, after due examination, comes to the conclusion that the issue price is not significantly lower than the theoretical market value of the bonds calculated using recognized actuarial methods. However, this authorization to exclude subscription rights only applies to bonds issued for cash with an option or conversion right (also with an option or conversion obligation or a tender right of the company) for shares that account for a proportionate amount of the share capital of no more than 20% of the share capital existing at the time this authorization becomes effective or - if this value is lower - at the time this authorization is exercised. This maximum limit of 20% of the share capital shall include the proportionate amount of the share capital attributable to shares issued or sold during the term of this authorization in direct or analogous application of Section 186 para. 3 sentence 4 AktG; the aforementioned maximum limit shall also include shares to be issued to service option

and/or conversion rights or option and/or conversion obligations arising from the issue of bonds on the basis of another authorization excluding subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG during the term of this authorization. sentence 4 AktG during the term of this authorization;

- → to the extent necessary to grant the holders or creditors of bonds with option and/or conversion rights or option and/or conversion obligations or tender rights issued by the company or its Group companies a subscription right to bonds to the extent to which they would be entitled as shareholders after exercising the option or conversion rights or after fulfilling option or conversion obligations or after tendering shares;

- → if the bonds are issued against contributions in kind, in particular in connection with mergers or for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, provided that the value of the contribution in kind is in reasonable proportion to the value of the bonds; the theoretical market value of the bonds calculated using recognized financial mathematical methods is decisive;

- → if participating bonds and/or profit participation rights are issued without option or conversion rights or option or conversion obligations, if these participating bonds and/or profit participation rights have bond-like features, i.e. if they do not confer any membership rights in the company, do not grant any participation in the liquidation proceeds and if the amount of interest is not calculated on the basis of the amount of the annual net profit, the net retained profits or the dividend; the interest rate and the issue amount of the participating bonds and/or profit participation rights must also correspond to the current market conditions at the time of issue.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the issue and features of the bonds, in particular the interest rate and type of interest, issue price, term and denomination, anti-dilution provisions, option and trading period as well as the option and conversion price, or to determine these in agreement with the executive bodies of the Group companies issuing the bonds.

8. Material agreements of the company that are subject to the condition of a change of control following a takeover bid and the resulting effects

The syndicated credit facility concluded by the company and other bilateral credit lines that refer to the provisions of the syndicated credit facility contain conditions that grant the contractual partners additional termination rights in the event of a change of control (in the cases mentioned: acquisition of more than 50% of the voting shares in Douglas AG) (so-called change of control clauses).

9. Compensation agreements entered into by the company with the members of the Management Board or with employees in the event of a takeover bid

There are no compensation agreements within the meaning of Section 289a (1) No. 9 and Section 315a (1) No. 9 HGB in the event of a takeover bid.

Supplementary disclosures for Douglas AG (pursuant to the German Commercial Code)

Basics

At the shareholders' meeting on November 13, 2023, the relocation of the registered office of Kirk Beauty A GmbH from Hagen (HRB 12244) to Düsseldorf was resolved and entered in the commercial register on November 17, 2023. In accordance with the resolution of the shareholders' meeting on February 2, 2024, the company subsequently changed its legal form to Douglas AG, which was entered in the commercial register on February 19, 2024.

As the management and investment holding company of the DOUGLAS Group, Douglas AG is largely dependent on the development of the DOUGLAS Group with regard to its business performance, its position and its expected development, including its material opportunities and risks.

Control system

Douglas AG uses the statutory annual result as its key performance indicator and most important financial performance indicator.

Economic report

Economic environment and sector-specific framework conditions

Please refer to the Group's economic report for information on the macroeconomic and sector-specific conditions as well as the legal framework.

Net assets, financial position and results of operations

OVERALL ASSESSMENT OF DOUGLAS AG

In the past financial year, the company's net assets, financial position and results of operations were mainly affected by the increase in equity due to the IPO, the associated cost burden and the new bank financing, with the result that Douglas AG's net loss for the year deteriorated to EUR -49,542.0 thousand compared to the previous year.

COMPARISON OF THE FORECAST WITH ACTUAL BUSINESS PERFORMANCE

No earnings forecast was issued for Douglas AG in the previous year.

BUSINESS PERFORMANCE AND RESULT

In the following, we discuss the net assets, financial position and results of operations of Douglas AG with regard to the annual financial statements prepared in accordance with German commercial law.

Earnings situation

Income statement 2023/2024 of Douglas AG according to HGB:

	01.10.2023-30.09.2024 KEUR	01.10.2022-30.09.2023 KEUR
Sales	3.509,0	0,0
Other operating income	2.973,7	0,0
Personnel expenses	-7.126,3	0,0
Other operating expenses	-40.871,1	-3.035,7
EBITDA	**-41.514,7**	-3.035,7
Amortization of intangible assets and depreciation of property, plant and equipment	-7,5	0,0
Income from loans of financial assets	38.978,3	0,0
Other interest and similar income	1.614,1	0,0
Interest and similar expenses	-48.612,2	-17.935,2
EBT	-49.542,0	-20.970,9
Taxes on income and earnings	0,0	-1.545,5
Earnings after taxes / net loss for the year	-49.542,0	-22.516,4
Loss carryforward	-25.623,3	-3.106,9
Withdrawals from the capital reserve	75.165,3	0,0
Accumulated deficit	0,0	-25.623,3

With the takeover of personnel functions by Douglas AG in the financial year, recharges to Group companies in the amount of EUR 3,509.0 thousand were recognized in sales for the first time. Other operating income of EUR 2,161.5 thousand results from the reversal of provisions. At EUR 37,717.0 thousand, other operating expenses mainly relate to expenses in connection with the IPO. Income from loans of financial assets in the amount of EUR 38,978.3 thousand relates entirely to interest on an intra-Group loan. Other interest and similar income of EUR 1,360.4 thousand mainly relates to interest income from overnight money. EUR 37,785.8 thousand of interest and similar expenses relates to interest on bank loans, EUR 6,453.6 thousand to interest on loans from affiliated companies and EUR 3,820.7 thousand to transaction costs and commitment fees in connection with Group financing. The net loss for the past financial year of EUR 49,542.0 thousand and the loss carried forward of EUR 25,326.3 thousand were offset as at September 30, 2024 with withdrawals from the capital reserve (EUR 75,165.3 thousand).

Financial position

Simplified cash flow statement of Douglas AG as at September 30, 2024 in accordance with HGB:

	01.10.2023-30.09.2024 KEUR	01.10.2022-30.09.2023 KEUR
Annual result	-49.542,0	-22.516,4
Increase in provisions	3.278,9	4.241,5
Increase in other assets	-60.737,6	5,6
Increase in other liabilities	11.727,9	485,3
Cash flow from ongoing business activities	**-95.272,8**	**-17.784,0**
Payments for investments in financial assets	-2.350.000,0	0,0
Cash flow from investing activities	**-2.350.000,0**	**0,0**
Proceeds from additions to equity	2.070.932,8	0,0
Proceeds from the raising of financial loans	1.288.240,6	0,0
Payments/proceeds from the repayment/borrowing of shareholder loans	-913.900,6	17.784,0
Cash flow from financing activities	**2.445.272,8**	**17.784,0**
Cash-effective changes in cash and cash equivalents	0,0	0,0
Cash and cash equivalents at the beginning of the period	0,0	0,0
Cash and cash equivalents at the end of the period	**0,0**	**0,0**

Cash and cash equivalents = bank balances

As part of the IPO, Douglas AG received EUR 1,157,032.2 thousand in additional payments from shareholders and from the conversion of shareholder loans in the 2023/2024 financial year. Together with the inflow of funds from the new bank financing in the amount of EUR 1,288,240.6 thousand, these were mainly used for investments of EUR 2,350,000.0 thousand in financial assets in the form of loans and for a capital increase at Group companies. In this context, please refer in particular to the notes on balance sheet liabilities in the asset position.

Financial position

Balance sheet assets of Douglas AG as at September 30, 2024 in accordance with HGB:

	30.09.2024 KEUR	30.09.2023 KEUR
Fixed assets		
Property, plant and equipment	10,5	0,0
Shares in affiliated companies	2.319.057,8	1.219.057,8
Loans to affiliated companies	1.250.000,0	0,0
	3.569.068,3	1.219.057,8
Current assets		
Other assets	46.843,8	42,5
Prepaid expenses and deferred charges	13.925,8	0,00
Total assets	3.629.837,9	1.219.100,3

The additions to shares in affiliated companies result from a payment into the capital reserve of the subsidiary Kirk Beauty SUN GmbH. The additions to loans to affiliated companies relate to two long-term loans to the subsidiary Douglas Service GmbH.

EUR 38,978.4 thousand of other assets relate primarily to accrued interest for loans to affiliated companies and EUR 7,505.8 thousand to VAT credits.

Deferred income mainly includes discounts (EUR 13,883.7 thousand) in connection with the bank financing taken out in the financial year.

As at September 30, 2024, the company had no cash or cash equivalents.

Balance sheet liabilities of Douglas AG as at September 30, 2024 in accordance with HGB:

	30.09.2024 KEUR	30.09.2023 KEUR
Equity		
Subscribed capital	107.692,3	48,8
Capital reserve	2.214.084,4	325.960,4
Accumulated deficit	0,0	-25.623,3
	2.321.776,7	**300.385,9**
Provisions		
Tax provisions	1.545,6	1.545,6
Other provisions	6.061,8	2.782,9
	7.607,4	**4.328,5**
Liabilities		
Liabilities to banks	1.288.240,6	0,0
Liabilities to affiliated companies	11.890,5	485,3
Liabilities from deliveries and services	182,0	0,0
Liabilities to shareholders	0,0	913.900,6
Other liabilities	140,7	0,0
	1.300.453,8	**914.385,9**
Total liabilities	**3.629.837,9**	**1.219.100,3**

As at September 30, 2024, the share capital of EUR 107,692.3 thousand consisted of no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 each. The shareholders' meeting of Kirk Beauty A GmbH on February 2, 2024 resolved, among other things, to increase the share capital by EUR 1.2 thousand from EUR 48.8 thousand to EUR 50.0 thousand in the form of a capital increase against cash contributions. The company's share capital, which amounted to EUR 50.0 thousand after the capital increase took effect, became the share capital of Douglas AG as part of the conversion. In the same financial year, the company's share capital was increased by a further EUR 74,950.0 thousand to EUR 75,000.0 thousand from a capital increase in the form of a conversion of funds from the capital reserve (resolution of the Annual General Meeting on February 27, 2024) and again by EUR 32,692.3 thousand to EUR 107,692.3 thousand from cash contributions through the issue of new shares (resolution of the Annual General Meeting on March 19, 2024).

The transfers to the capital reserve in the amount of EUR 2,038,239.3 thousand result from the contribution agreement dated February 2, 2024 from conversions of shareholder loans in the amount of EUR 920,100.0 thousand, an additional payment by Kirk Beauty International S.A. in the amount of EUR 300.000.0 thousand, the IPO proceeds of EUR 817,307.7 thousand and IPO costs of EUR 831.6 thousand offset against the capital reserve. Withdrawals from the capital reserve were used to implement the aforementioned conversion of EUR 74,950.0 thousand into share capital as part of a capital increase. Furthermore, withdrawals from the capital reserve were made to offset the net loss for 2023/2024 and the loss carried forward from the previous year in the amount of EUR 75,165.3 thousand.

The other provisions mainly consist of the following significant items: Premiums EUR 2,521.0 thousand, subsequent cost calculations EUR 1,314.8 thousand, impending losses for interest rate swaps EUR 489.6 thousand, Supervisory Board remuneration EUR 580.0 thousand, audit costs EUR 443.0 thousand, provision for the share-based remuneration program (LTI) EUR 415.0 thousand and vacation entitlements EUR 288.9 thousand. The increase compared to the previous year is mainly due to the takeover of personnel functions from other Group companies in the financial year and the provisions to be formed for the first time in this regard.

Liabilities to banks mainly relate to the new external financing taken out in the financial year in the form of two bank loans (EUR 800,000.0 thousand and EUR 450,000.0 thousand) and the associated interest liabilities.

EUR 11,886.2 thousand of the liabilities to affiliated companies mainly relate to liabilities to the DOUGLAS Group's cash pool.

In the previous year, shareholder loans were recognized as liabilities under liabilities to shareholders. As explained above, these were transferred to the capital reserve in the financial year.

Forecast report

For the 2024/2025 financial year, a significantly improved, but still negative, annual result is expected, particularly as the charges in connection with the IPO will not be incurred again.

Risk and opportunity report

Douglas AG is significantly linked to the companies of the DOUGLAS Group through its investments in the associated companies and its financing commitments. In this respect, the risk situation of Douglas AG is largely dependent on the opportunity and risk situation of the DOUGLAS Group. The statements made by the Management Board on the overall assessment of the Group's opportunity and risk situation therefore also summarize the risk situation of Douglas AG.

Declaration pursuant to § 312 AktG

The Management Board of Douglas AG has prepared a report on relationships with affiliated companies for the period from February 19, 2024 to September 30, 2024 in accordance with Section 312 AktG and issued the following declaration at the end of the report:

" The Management Board of Douglas AG declares that the company received appropriate consideration for each of the legal transactions reported in the reporting period - according to the circumstances known to it at the time the legal transactions were carried out. No reportable measures were either taken or omitted in the reporting period.”

Financial Statements 2023/2024

Consolidated Statement of Profit or Loss

of Douglas AG for the period from October 1, 2023 to September 30, 2024

	Notes No.	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Sales	5	4,451.0	4,093.9
Cost of raw materials, consumables and supplies and merchandise		-2,415.0	-2,237.2
Gross Profit		**2,036.0**	**1,856.8**
Other operating income	6	294.2	280.4
Personnel expenses	7	-679.8	-644.7
Other operating expenses	8	-920.1	-809.5
EBITDA		**730.3**	**683.0**
Amortization/depreciation/impairment		-346.9	-345.9
EBIT		**383.5**	**337.1**
Finance income	9	51.0	55.1
Finance expenses	9	-352.0	-326.9
Finance result	**9**	**-301.0**	**-271.7**
EBT		**82.5**	**65.3**
Income taxes	10	1.6	-48.7
Profit (+) or Loss (-) of the period (Net Income)		84.0	16.7
Attributable to owners of the parent		84.0	*16.7*
Earnings per share in EUR (basic = diluted)	11	0.9	0.2

All amounts in the Consolidated Financial Statements, including the Notes, have been rounded in accordance with standard commercial practice. Therefore minor differences may arise from rounding; it is also possible that due to rounding, individual figures do not exactly add up to the total shown.

Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Douglas AG for the period from October 1, 2023 to September 30, 2024

	Notes No.	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Profit (+) or Loss (-) of the period (Net Income)		84.0	16.7
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		10.9	5.8
Effective portion of gains / losses from hedges		-5.2	-
Items that are not reclassified to profit or loss			
Actuarial gains or losses from pension and similar obligations	24	0.5	0.4
Other comprehensive income after tax		6.2	6.2
Total comprehensive income		90.3	22.9

Consolidated Statement of Financial Position

of Douglas AG as of September 30, 2024

Assets

	Notes No.	09/30/2024 EUR m	09/30/2023 EUR m
Non-current assets			
Goodwill	12	1,033.0	1,028.4
Other intangible assets	13	833.4	823.7
Property, plant and equipment	14	282.5	223.4
Right-of-use assets from leases	15	1,021.0	1,003.4
Other financial assets	20	11.2	42.5
Deferred tax assets	17	55.2	9.9
		3,236.2	3,131.1
Current assets			
Inventories	18	793.5	762.6
Trade accounts receivable	19	38.2	36.9
Tax receivables		25.4	26.6
Other financial assets	20	240.6	216.4
Other assets	21	48.4	60.6
Cash	22	98.9	262.3
		1,245.1	1,365.3
Total		4,481.3	4,496.4

Equity and Liabilities

	Notes No.	09/30/2024 EUR m	09/30/2023 EUR m
Equity	23		
Capital stock		107.7	0.0
Additional paid-in capital		2,067.7	326.0
Other reserves		-1,412.7	-1,581.3
		762.6	-1,255.2
Non-current liabilities			
Pension provisions	24	25.2	27.0
Other non-current provisions	25	53.9	51.4
Other financial liabilities	27	2,113.8	4,111.5
Other liabilities	28	0.7	4.1
Deferred tax liabilities	17	100.5	177.4
		2,294.3	4,371.4
Current liabilities			
Current provisions	25	102.8	89.0
Trade accounts payable	26	657.2	617.6
Tax liabilities		68.6	77.4
Other financial liabilities	27	305.1	304.4
Other liabilities	28	290.7	292.0
		1,424.4	1,380.3
Total		4,481.3	4,496.4

Statement of Changes in Group Equity

	Notes No.	Capital stock	Additional paid-in capital	Other reserves				Equity attributable to owners of the parent
				Retained earnings	Actuarial gains or losses	Hedging reserve	Differences from currency translation	
		EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
10/01/2023	23	0.0	326.0	-1,575.4	3.2	-	-9.1	-1,255.2
Currency translation							10.9	10.9
Effects from valuation of IAS 19					0.5			0.5
Effective portion of gains / losses from hedges						-5.2		-5.2
Other comprehensive income after tax				0.0	0.5	-5.2	10.9	6.2
Profit (+) or Loss (-) of the period (Net Income)				84.0				84.0
Total comprehensive income				84.0	0.5	-5.2	10.9	90.3
Capital increase		107.6	1,741.7					1,849.4
Allocation to retained earnings as part of the contribution of the shareholder loans				64.1				64.1
Share-based Payment				14.2				14.2
Transactions with shareholders		107.6	1,741.7	78.3				1,927.6
09/30/2024		107.7	2,067.7	-1,413.1	3.8	-5.2	1.8	762.7

See Note “Equity” in the Notes to the Consolidated Financial Statements.

	Notes No.	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	23	0.0	326.0	-1,608.0	2.8	-14.9	-1,294.0
Currency translation						5.8	5.8
Effects from valuation of IAS 19					0.4		0.4
Other comprehensive income after tax					0.4	5.8	6.2
Profit (+) or Loss (-) of the period (Net Income)				16.7			16.7
Total comprehensive income				16.7	0.4	5.8	22.9
Share-based Payment				15.9			15.9
Transactions with shareholders				15.9			15.9
09/30/2023		0.0	326.0	-1,575.4	3.2	-9.1	-1,255.2

Consolidated Statement of Cash Flows

of Douglas AG for the period from October 1, 2023 to September 30, 2024

	Notes No.	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Profit (+) or Loss (-) of the period (Net Income)		84.0	16.7
Income taxes	10	-1.6	48.7
Finance result	9	301.0	271.7
Amortization/depreciation/impairment	12 - 16	346.9	345.9
EBITDA		730.3	683.0
Increase/decrease in provisions	24, 25	15.1	-4.8
Other non-cash expense/income		17.4	12.0
Loss/profit on the disposal of non-current assets		0.0	-0.2
Changes in net working capital without liabilities from investments in non-current assets		-23.4	-87.8
Changes in other assets/liabilities not classifiable to investing or financing activities		7.1	15.5
Paid/reimbursed taxes		-63.1	-33.1
Net cash flow from operating activities		**683.6**	584.7
Proceeds from the disposal of non-current assets		1.5	5.4
Payments for investments in non-current assets		-151.3	-109.5
Proceeds / Payments from the disposal of consolidated companies	3	-9.7	0.0
Net cash flow from investing activities		**-159.6**	-104.1
Free Cash Flow (sum of net cash flows from operating and investing activities)		**524.0**	480.6
Receipts from equity contributions		1,150.8	0.0
Payments for the redemption of financial loans and bonds		-2,547.7	-24.5
Payments for the redemption of lease liabilities		-241.3	-254.1
Proceeds from the issuance of financial loans		1,250.0	0.0
Transaction costs paid related to equity and debt capital measures	23, 30	-39.4	0.0
Interest paid		-268.6	-188.1
Interest received		6.9	1.1
Net cash flow from financing activities		**-689.3**	-465.6
Net change in cash		**-165.3**	15.0
Net change in cash due to currency translation		1.9	2.0
Cash at the beginning of the reporting period		262.3	245.3
Cash at the end of the reporting period		**98.9**	262.3

See Note "Consolidated Statement of Cash Flows" in the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

of Douglas AG for the period from October 1, 2023 to September 30, 2024

All amounts in the Notes have been rounded in accordance with standard commercial practice. Minor differences may therefore arise from rounding; it is also possible that due to rounding, individual figures do not exactly add up to the total shown.

Segment Reporting

of Douglas AG for the period from October 1, 2023 to September 30, 2024

		DACHNL 10/01/2023-09/30/2024	10/01/2022-09/30/2023	France 10/01/2023-09/30/2024	10/01/2022-09/30/2023
Sales	EUR m	2,073.1	1,871.9	838.2	813.5
Intersegment sales	EUR m	20.7	2.5	1.3	1.0
External sales	EUR m	2,052.4	1,869.4	836.9	812.5
EBITDA	EUR m	445.1	384.9	171.9	182.2
EBITDA-margin	*%*	*21.5*	*20.6*	*20.5*	*22.4*
Adjustments to EBITDA	EUR m	11.1	14.2	4.3	-4.4
Adjusted EBITDA	**EUR m**	**456.2**	**399.1**	**176.2**	**177.7**
Adjusted EBITDA-margin	*%*	*22.0*	*21.3*	*21.0*	*21.8*
Average NWC as % of sales	%	-1.0	-0.5	9.0	7.4
Inventories	EUR m	352.6	334.3	132.6	123.9
Capital expenditure	EUR m	52.1	24.1	29.9	19.0

		Southern Europe 10/01/2023-09/30/2024	10/01/2022-09/30/2023	Central Eastern Europe 10/01/2023-09/30/2024	10/01/2022-09/30/2023
Sales	EUR m	665.8	625.6	652.1	556.4
Intersegment sales	EUR m	1.3	0.2	1.3	0.8
External sales	EUR m	664.5	625.4	650.9	555.6
EBITDA	EUR m	147.2	123.9	169.7	152.2
EBITDA-margin	*%*	*22.1*	*19.8*	*26.0*	*27.4*
Adjustments to EBITDA	EUR m	-0.6	5.1	1.5	-0.7
Adjusted EBITDA	**EUR m**	**146.6**	**129.0**	**171.2**	**151.5**
Adjusted EBITDA-margin	*%*	*22.0*	*20.6*	*26.2*	*27.2*
Average NWC as % of sales	%	7.8	7.4	15.9	16.6
Inventories	EUR m	168.8	163.5	130.8	105.9
Capital expenditure	EUR m	20.3	15.8	29.9	17.7

		Parfumdreams/ Niche Beauty 10/01/2023-09/30/2024	10/01/2022 - 09/30/2023	Total Reportable Segments 10/01/2023-09/30/2024	10/01/2022-09/30/2023
Sales	EUR m	190.2	171.6	4,419.4	4,039.0
Intersegment sales	EUR m	0.0	0.0	24.5	4.4
External sales	EUR m	190.2	171.6	4,394.8	4,034.5
EBITDA	EUR m	8.0	6.8	942.0	850.0
EBITDA-margin	*%*	*4.2*	*4.0*	*21.3*	*21.0*
Adjustments to EBITDA	EUR m	-1.1	0.0	15.2	14.2
Adjusted EBITDA	**EUR m**	**7.0**	6.8	**957.1**	864.2
Adjusted EBITDA-margin	*%*	*3.7*	*4.0*	*21.7*	*21.4*
Average NWC as % of sales	%	10.3	14.2	5.2	5.3
Inventories	EUR m	14.0	34.6	798.8	762.3
Capital expenditure	EUR m	3.0	3.0	135.3	79.5

		Reconciliation to DOUGLAS Group 10/01/2023-09/30/2024	10/01/2022-09/30/2023	DOUGLAS Group 10/01/2023-09/30/2024	10/01/2022-09/30/2023
Sales	EUR m	31.6	54.9	4,451.0	4,093.9
Intersegment sales	EUR m	-24.5	-4.4		
External sales	EUR m	56.1	59.4	4,451.0	4,093.9
EBITDA	EUR m	**-211.6**	-167.0	**730.3**	683.0
EBITDA-margin	*%*			*16.4*	*16.7*
Adjustments to EBITDA	EUR m	63.1	28.6	78.3	42.9
Adjusted EBITDA	**EUR m**	**-148.5**	-138.3	**808.6**	725.9
Adjusted EBITDA-margin	*%*			*18.2*	*17.7*
Average NWC as % of sales	%	19.0	-4.5	1.6	0.2
Inventories	EUR m	-5.3	0.3	793.5	762.6
Capital expenditure	EUR m	20.7	27.8	156.0	107.4

See Note “Segment Reporting”.

ACCOUNTING PRINCIPLES, FUNDAMENTALS AND METHODOLOGIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Douglas AG (until February 2, 2024: Kirk Beauty A GmbH; Group Parent Company) is a listed company with its registered office in Düsseldorf, Germany (Luise-Rainer-Straße 7-11, 40235 Düsseldorf). Douglas AG is registered with the Commercial Register B of the Local Court of Düsseldorf under HRB 103560.

In financial year 2023/2024, Kirk Beauty A GmbH was converted into a stock corporation (AG) and renamed Douglas AG.

The Consolidated Financial Statements of Douglas AG and its subsidiaries (DOUGLAS Group, Group) as of September 30, 2024 (reporting date) comprise the reporting period beginning October 1, 2023 until September 30, 2024 (financial year, reporting period).

DOUGLAS Group is a European retail company in the selective perfumery market. With 1,756 own perfumery stores as of the reporting date (excluding franchise stores) and various E Commerce presences, DOUGLAS Group is represented in 22 European countries with its core brands "DOUGLAS" and "Nocibé". The business is operated using an omni-channel approach, interlinking store and online business, with the aim of serving customers from both channels as best as possible with beauty products from the five product categories perfume, decorative cosmetics, skin care, hair care and accessories. The perfumeries occupy leading positions in the markets for fragrances, cosmetics and care in Germany, France and a large number of other European countries. In addition to its core brands, the DOUGLAS Group also operates in the selective perfumery market under its other brands "Parfumdreams" and "Niche Beauty".

The Consolidated Financial Statements of Douglas AG were prepared according to the International Financial Reporting Standards (IFRS). The Consolidated Financial Statements take into account all compulsory accounting standards and interpretations in the European Union adopted at that time. This version of the Consolidated Financial Statements is in accordance with the provisions of Section 315e German Commercial Code (HGB). In Germany, this forms the legal basis for the preparation of consolidated financial statements in accordance with international standards, together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

The Consolidated Financial Statements are based on the principle of going concern.

The Management Board of Douglas AG prepared these Consolidated Financial Statements on December 17, 2024 and approved them for submission to the Supervisory Board and for publication.

INITIAL PUBLIC OFFERING OF DOUGLAS AG UND REFINANCING OF THE DOUGLAS GROUP

On March 21, 2024, Douglas AG was listed on the regulated market (Prime Standard Segment) of the Frankfurt Stock Exchange. For further disclosures on the various equity measures, see the explanations in Note "Equity".

In March 2024, Douglas AG concluded a financing agreement with a banking syndicate for Group financing after the IPO totaling EUR 1.6 billion. The previous financing was repaid in March and April 2024. For further disclosures on refinancing, please refer to Note "Other financial Liabilities", "Fair Value of financial Instruments" and "Management of financial Risks".

2. Basis for Accounting

These Consolidated Financial Statements are generally based on the principle of historical cost. The main exceptions to this are financial instruments recognized at fair value and pension obligations measured using the projected unit credit method.

The Consolidated Financial Statements were prepared in euros (EUR/EUR). All amounts are presented in million euros (EUR m), unless otherwise indicated.

The Consolidated Statement of Profit or Loss was generally prepared according to the nature of expense method. By modification of the reporting structure defined in IAS 1.102, the cost of raw materials, consumables and supplies and merchandise is reported directly after sales in order to determine "Gross profit", which is significant for retail operations.

NEW OR CHANGED STANDARDS AND INTERPRETATIONS

Overview of standards and interpretations applied for the first time

The new standards and interpretations or amendments to existing standards and interpretations presented below have been applied for the first time in these Consolidated Financial Statements:

	New standards/interpretations - first-time adoption		Date of first-time adoption in the EU	Endorsed by European Commission	Impact on DOUGLAS Group
IAS 12	Income taxes	Amendment: International tax reform - Pillar 2 model rules	01/01/2023	11/08/2023	No significant impact
IFRS 17	Insurance Contracts	Amendment: First-time Adoption of IFRS 17 and IFRS 9 Comparative information	01/01/2023	09/08/2022	No impact
IAS 12	Income taxes	Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023	08/11/2022	No significant impact
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Amendment: Definition of Accounting Estimates	01/01/2023	03/02/2022	No impact
IAS 1	Presentation of Financial Statements	Amendment: Disclosure of Accounting policies	01/01/2023	03/02/2022	No impact
IFRS 17	Insurance Contracts		01/01/2023	11/19/2021	No impact

Overview of accounting standards and interpretations not applied yet

The following overview provides a summary of newly implemented or revised IASB accounting standards and interpretations that were not yet applied by the DOUGLAS Group in financial year 2023/2024, as they were either not yet compulsory or not yet approved by the European Commission.

Each standard will be adopted for the first time at the point at which adoption is compulsory.

On IAS 12, Amendments concerning the international tax reform (Pillar 2 model rules):

	New standards/Interpretations not yet applicable		Date of first-time adoption in the EU	Endorsed by European Commission	Probable impact on DOUGLAS Group
IFRS 19	Subsidiaries without public accountability: Disclosures	New Standard	01/01/2027	Not yet	No impact
IFRS 18	Presentation and disclosures in the financial statements	New Standard	01/01/2027	Not yet	No significant impact
Annual Improvements, Band 11	Annual Improvements to IFRS Accounting Standards - Volume 11	Improvement of existing Standards	01/01/2026	Not yet	No impact
IFRS 9, IFRS 7	Financial Instruments, Financial Instruments: Disclosures	Amendment: Classification and Measurement of Financial Instruments	01/01/2026	Not yet	No impact
IAS 21	The effects of changes in foreign exchange rates	Amendment: Lack of Exchangeability	01/01/2025	11/12/2024	No impact
IAS 7, IFRS 7	Statement of Cash Flows, Financial Instruments: Disclosures	Amendment: Supplier financing agreements	01/01/2024	05/15/2024	No significant impact
IFRS 16	Leases	Amendment: Lease liability in a sale-and-lease-back transaction	01/01/2024	11/20/2023	No impact
IAS 1	Presentation of Financial Statements	Non-current liabilities with covenants	01/01/2024	12/19/2023	No significant impact
IAS 1	Presentation of Financial Statements	Amendment: Classification of Liabilities as current or non-current - Deferral of Effective Date	01/01/2024	12/19/2023	No impact
IAS 1	Presentation of Financial Statements	Amendment: Classification of Liabilities as current or non-current	01/01/2024	12/19/2023	No significant impact

Each standard will be adopted for the first time at the point at which adoption is compulsory.

On IAS 12, Amendments concerning the international tax reform (Pillar 2 model rules):

The Group applied the reform of the International Tax System - Model Provisions for Pillar 2 (Amendments to IAS 12) since its publication on May 23, 2023. The amendments contain a temporary, mandatory and immediately applicable exemption from the accounting for deferred taxes resulting from the introduction of the global minimum taxation; they also require specific notes disclosures on the impact of the minimum taxation (see also Note "Deferred Taxes"). The mandatory exemption is to be applied retrospectively. However, since the new global minimum taxation laws were not yet in force in any of the countries in which the Group operates as of the reporting date and no related deferred taxes were recorded at that time, the retrospective application has no impact on the Consolidated Financial Statements.

3. Consolidation Principles

GROUP OF CONSOLIDATED COMPANIES

All German and foreign companies over which Douglas AG has direct or indirect control are fully consolidated in the Consolidated Financial Statements. Control exists when Douglas AG obtains power, when Douglas AG is exposed to variable returns from its investments with the investee and when it is able to influence these returns. These companies are fully consolidated when the Group obtains control and deconsolidated when control ceases.

	Germany	Other countries	Total
10/01/2023	**19**	**31**	**50**
Entities consolidated for the first time		1	1
Deconsolidated companies		-4	-4
09/30/2024	**19**	**28**	**47**

See also Note "Shareholdings of the Group according to Section 313 German Commercial Code (HGB)".

ACQUISITIONS AND DIVESTMENTS

SALE OF DISAPO

In accordance with our corporate strategy, all shares in disapo.de Apotheke B.V. ("Disapo"), based in Heerlen (Netherlands), were sold and deconsolidated with effect from August 1, 2024. As a result, no assets or liabilities of Disapo were recognized as of the reporting date.

The assets and liabilities of Disapo accounted for as a disposal group held for sale during the year (from the signing of the letter of intent to sell Disapo until the loss of control on August 1, 2024) were impaired to the lower of carrying amount and fair value less costs to sell. The related impairment losses amounted to EUR 5.5 million and were recorded under other operating expenses (see Note "Other operating Expenses"). Based on the agreed purchase price, the disposal group was valued at a fair value of EUR 0.0 million (before disposal costs of EUR 0.4 million). The divestment of Disapo resulted in a total loss of EUR 5.9 million.

CONSOLIDATION METHODS

Capital consolidation is performed in accordance with IFRS 3 (Business Combinations) using the purchase method. In the case of business combinations, the carrying amounts of the investments are eliminated against the Group's share of the revalued equity of the subsidiaries at the date of acquisition. The consideration transferred in the acquisition and the identifiable assets and liabilities acquired are measured at fair value. Any goodwill arising from the transaction is tested annually for impairment. In addition, in the case of business combinations, fair value adjustments attributable to non-controlling interests are also recognized in equity under the item "Non-controlling interests". In accordance with IFRS 3, negative goodwill arising from a business combination is recognized in profit or loss, after recognition of fair value adjustments to assets and liabilities and a further review in the period in which the combination takes place. Every contingent consideration obligation is valued at the time of acquisition at fair value. If the contingent consideration is classified as equity, it is not remeasured and a settlement is accounted for in equity. Otherwise, other contingent consideration is measured at fair value on each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Receivables from and corresponding liabilities to consolidated companies (subsidiaries) are offset against each other. Intercompany profits and losses from intragroup transactions are eliminated in the Consolidated Financial Statements to the extent that they have not yet been realized through sales to third parties. Sales and other income from intercompany transactions are offset against the corresponding expenses.

CURRENY TRANSLATION

These Consolidated Financial Statements are presented in euros (reporting currency), the functional currency of the Group parent company. The annual financial statements of foreign subsidiaries whose functional currency is not the same as the Group presentation currency are translated into euros according to the functional currency concept. The functional currency of the subsidiaries is the currency of the main economic area in which the subsidiary operates. This corresponds to the respective national currency.

The assets and liabilities are translated using the exchange rate on the reporting date; income and expenses are translated at the exchange rate on the day of the transaction, approximated by the Group's average exchange rate for the reporting period. The resulting exchange differences are recognized under other comprehensive income and within reserves in equity.

The following exchange rates were substantially used for currency translation for the annual financial statements of foreign subsidiaries denominated in foreign currencies.

		Average exchange rate 10/01/2023-09/30/2024 EUR	Closing rate 09/30/2024 EUR	Average exchange rate 10/01/2022-09/30/2023 EUR	Closing rate 09/30/2023 EUR
Bulgarian Lev	BGN	0.5113	0.5113	0.5113	0.5113
Swiss Franc	CHF	1.0447	1.0594	1.0216	1.0342
Czech Koruna	CZK	0.0401	0.0397	0.0417	0.0411
Hungarian Forint	HUF	0.0026	0.0025	0.0026	0.0026
Polish Zloty	PLN	0.2308	0.2337	0.2165	0.2161
Romanian Lei	RON	0.2011	0.2010	0.2027	0.2011

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

4. Accounting and Valuation Principles

REVENUE RECOGNITION

The DOUGLAS Group generates its sales primarily from the retail of fragrances, cosmetics and personal care products with end consumers as customers, which result from the two sales channels, store-business and E-Com. In addition to sales from the distribution of goods ordered online, the E-Com sales channel also includes Partner Program sales (a platform on which other retailers can offer their products to end consumers) and Retail Media sales (data-supported marketing and advertising solutions).

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control of an item or service to a customer. In store business, customers obtain control of the items by agreeing and handing them over at the store. Payment is usually made immediately in cash or by electronic means. In the E-Com sales channel, customers obtain control over the items they have selected and ordered online when the products are delivered by a service provider to the address provided by the customer. The realization of revenue from Retail Media sales occurs upon provision of the contractually agreed service. These are rendered regularly over a fixed period of time. The most common payment methods in the E-Com channel are PayPal, credit card and payment on account.

For the Partner Program, the Group recognizes the commission received based on the sales of the partners processed via the platform as sales (“agent accounting”), as the Group does at no point in time obtain control over the products offered on the platform.

In the case of customer return rights, customer loyalty programs and gift vouchers, revenue is recognized or allocated as follows:

For contracts that allow the customer to return an item, revenue is recognized to the extent that it is highly probable that a material adjustment to cumulatively recognized revenue will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns estimated based on historical data for certain fragrance, cosmetic and personal care items and a corresponding refund obligation is recognized, which is presented in other financial liabilities. Correspondingly, a contract receivable from customer returns is recognized for the claim to the return of the goods, reported under other receivables. The cost of purchased goods is reduced accordingly.

Participants in the DOUGLAS Group's customer loyalty programs can receive bonus points for purchases made, which they can exchange for discount vouchers for subsequent purchases when certain thresholds are reached. The bonus points represent material rights within the meaning of IFRS 15 and must therefore be recognized as a separate performance obligation. The points are credited and generally expire within two years from the date of their acquisition. Upon purchase, the transaction price is allocated to the stand-alone performance obligations based on the relative individual selling prices. At the DOUGLAS Group, the transaction price corresponds to the selling price of the goods and services purchased by the customer. In the absence of observable individual selling prices of the bonus points, these are estimated on the basis of the discount, taking into account redemption probabilities. A contractual liability is recognized under other liabilities in the amount of the performance obligation attributable to the bonus points granted. The contractual liability is utilized or reversed when the bonus points are redeemed or finally expire.

Sold gift vouchers are accounted for as a contractual liability, taking into account the probability of redemption. Revenue from gift vouchers is recognized upon redemption by the customer.

INTEREST INCOME AND EXPENSE

Interest income and interest expense are recognized in the finance result on an accrual basis.

INCOME TAXES

Tax expenses comprise both current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except for those associated with a business combination or items recognized directly in equity or in other comprehensive income.

CURRENT TAXES

Current taxes constitute anticipated tax liabilities or assets on the taxable income or loss generated in the reporting period, calculated on the basis of tax rates applying on the reporting date or shortly afterwards, as well as adjustments to tax liabilities or assets in prior periods. The amount of the anticipated tax liabilities or assets represents a best estimate in consideration of uncertain tax situations, if applicable. Current tax liabilities also include all tax liabilities resulting from the declaration of dividends.

DEFERRED TAXES

Deferred taxes are recognized for temporary differences between the carrying amounts in the Consolidated Financial Statements and the tax base to the extent that these differences will lead to tax refunds or charges in future. Deferred taxes are measured taking into account the tax rates and tax regulations which are expected to be in force when the differences are reversed. Deferred tax assets are only recognized to the extent that there is taxable income expected on the date on which the difference is reversed.

If the future tax advantage from loss or interest carryforwards can be utilized with sufficient certainty in future periods, deferred tax assets are recognized. Deferred tax assets are offset against deferred tax liabilities if both exist against the same tax authority.

GOODWILL

Goodwill arising from business combinations is capitalized in accordance with the provisions of IFRS 3 and subjected to an annual impairment test. In addition, impairment tests are performed on an ad hoc basis whenever there are indications of impairment. There is no scheduled amortization.

For the purposes of impairment testing, goodwill is allocated to the group of cash-generating units (CGU) that is expected to profit from synergies arising from the acquisition ("goodwill-bearing unit"). A cash-generating unit (CGU) is defined as an individual retail store or an online shop. With the exception of "Parfumdreams/Niche Beauty", the individual country in which DOUGLAS operates forms the group of cash-generating units at whose level the impairment test is performed.

Impairment losses are first allocated to the goodwill allocated to the cash-generating unit and then to the carrying amounts of the other assets of the cash-generating unit on a pro rata basis. This is limited to the fair values of the individual asset.

The recoverable amount is the higher of value in use and fair value less costs to sell. An impairment loss is recognized for goodwill allocated to a group of cash-generating units only if the recoverable amount is less than the sum of the relevant carrying amounts for that group. The reduced carrying amount is retained even if the indications of impairment no longer exist in subsequent periods.

OTHER INTANGIBLE ASSETS

Other intangible assets are carried at (amortized) cost. Internally generated intangible assets are capitalized at the cost of their development. In contrast, the costs of the research phase, if any, are expensed as incurred. Production costs include all costs directly attributable to development, unless there is an explicit prohibition on capitalization.

There are no qualifying assets within the meaning of IAS 23 within the DOUGLAS Group, so that borrowing costs are not included when calculating acquisition costs. Intangible assets with definite useful lives are subject to straight-line amortization over their useful lives and are depreciated on a "pro rata temporis"-basis in the period of initial recognition.

Intangible assets with indefinite useful lives are not amortized. An impairment test is conducted annually and if there are indications of impairment on a (interim) reporting date. If the recoverable amount is below the carrying amount, impairment losses are recognized on the value in use. Intangible assets with an indefinite useful life comprise the trademarks DOUGLAS and Nocibé and leasehold rights in France.

Intangible assets subject to scheduled amortization are only subject to an impairment test if there are triggering events indicating impairment on a (sub-year) reporting date.

Reviews must be conducted in subsequent years to see if indications of impairment exist on a (sub-year) reporting date to suggest that an impairment made in prior years no longer exists or has been reduced. If this is the case, the impairment is reversed up to the recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

The useful lives underpinning the straight-line amortization for intangible assets are determined on the basis of the estimated useful lives for each asset class and are as follows.

Class of non-current assets	Years
Software	3-5
Leasehold rights with definite useful lives	2-15
Brands with definite useful lives	15

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are carried at (amortized) cost. There are no qualifying assets within the meaning of IAS 23 within the DOUGLAS Group, so that borrowing costs are not included when calculating acquisition costs. Items of property, plant and equipment are subject to straight-line depreciation over their useful lives and are depreciated on a "pro rata temporis"-basis in the year of purchase.

An impairment test is conducted for the corresponding asset if indications of impairment exist on a (sub-year) reporting date. Tangible assets are derecognized when they are disposed of or further economic benefits are no longer expected from that asset's use. The gain or loss from the disposal of the asset arises from the difference between its net disposal proceeds and carrying amount.

The useful lives underpinning the straight-line depreciation for property, plant and equipment are determined on the basis of the estimated useful lives for each asset class and are as follows.

Class of non-current assets	Years
Buildings	10-50
Store fittings, office and operating equipment	3-10

LEASES

Accounting for leases falls within the scope of IFRS 16. A contract is or contains a lease if it grants the right to control the use of a specific asset over a specified period of time in return for payment.

As a rule, the DOUGLAS Group acts as lessee of real estate, in particular of retail shops, and sometimes also as a lessor in the context of subleases.

In accordance with IFRS 16, the Group recognizes right-of-use assets and lease liabilities for these leases.

Amortization of the right-of-use asset over the lease term results in depreciation expense. Furthermore, interest expense results from the ongoing accrual of interest on the lease liability.

Right-of-use assets arising from leases are presented separately in the Consolidated Statement of Financial Position and broken down by class of asset in Note “Right of Use Assets”.

Lease liabilities are reported under non-current or current other financial liabilities and explained in more detail in Note ”Other Financial Liabilities” and Note “Leases”.

FINANCIAL INSTRUMENTS

Except for trade accounts receivable and derivatives, all financial instruments are recognized on the settlement date. Trade accounts receivable are recognized at the date on which they arise. Derivatives recognized on the trade date.

All financial instruments must be measured at fair value upon initial recognition with the following exemptions. If financial instruments are not subsequently measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue are recognized additionally. Current trade accounts receivable are initially measured at the transaction price.

Financial assets are measured at amortized cost if they are held within a business model solely for the purpose of collecting the contractual cash flows (business model ”hold”) and the contractual terms only result in interest and principal payments on the outstanding principal amount at specified points in time.

Debt instruments are measured at fair value through other comprehensive income if they are held as part of a business model to collect the contractual cash flows and to sell the financial assets (business model "hold and sell") and the contractual terms only result in interest and principal payments on the outstanding principal amount at specified points in time.

On initial recognition of an equity investment (e.g., an equity participation) that is not held for trading purposes, the Group may irrevocably elect to recognize consequential changes in fair value through other comprehensive income. This choice is made on a case-by-case basis for each investment.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial liabilities are subsequently measured at amortized cost.

Financial assets are derecognized either when the contractual rights in respect of cash flows expire or when substantially all risks and rewards are transferred.

Financial assets denominated in a foreign currency are translated to the functional currency of the acquiring Group company at the date of acquisition. An adjustment to the respective closing rate is made on each reporting date and recognized in profit or loss. Interest income and expense relating to financial assets are recorded in finance result on an accrual basis.

Financial liabilities are derecognized when the contractual obligations are fulfilled, cancelled or expired.

FAIR VALUE

The input factors used to determine fair value are divided into three hierarchy levels (level 1, level 2 and level 3). Fair value is the price at which an asset would be sold or a liability transferred in an orderly transaction on the principal market or, if none exists, in the most advantageous market to which the Group has access on the measurement date. The fair value of a liability reflects the risk of non-performance. Fair value measurements based on level 1 input factors are price quotations in active markets that can be determined for the asset being measured, such as quoted prices. Fair value measurements based on factors whose measurement can be derived directly or indirectly from observable market data fall under level 2. The valuation technique used incorporates all factors that market participants would consider in determining the price of such a transaction. The valuation on level 3 is based on pricing models which are based on input factors that are not observable in the market.

DOUGLAS has entered into interest rate swaps with various counterparties, which are mainly investment grade financial institutions. The interest rate swaps are valued using valuation methods that use observable market data that are assigned to level 2 of the hierarchy. The valuation technique used is based on a present value calculation. Various parameters are included in the model, including spot and forward interest rates and the creditworthiness of the counterparties. The changes in the counterparty's credit risk had no material impact on the assessment of the hedging effectiveness of derivatives designated in hedging relationships.

The Group measures options held by non-controlling interests at amortized cost[21].

When moving from one level to another in the valuation hierarchy, the financial assessment and presentation takes place as of the reporting date of a financial year.

AMORTIZED COST

Amortized cost is determined using the effective interest method, taking into account discounts and premiums on acquisition, including directly attributable transaction costs and fees that form an integral part of the effective interest rate.

For current assets and liabilities, the carrying amount is regarded as an appropriate approximation of fair value due to the brief period between their recognition and maturity.

SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

Net gains and losses, including interest and dividend income from financial instruments measured at fair value through profit or loss, are recognized in profit or loss.

Measurement of financial instruments at amortized cost leads to interest result. Impairment losses are recorded as a corresponding expense. Financial assets in foreign currencies lead to currency result. Interest results, exchange rate differences, impairment losses as well as results from the derecognition of financial instruments are recorded in profit or loss.

[21] See Note „Fair Value of Financial Instruments“

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognizes valuation allowances for expected credit losses on financial assets that are not measured at fair value through profit or loss. For these financial assets – with exception of trade accounts receivable, which are subject to a simplified approach, see Note “Trade Accounts receivable” – initial recognition in level 1 of the "expected credit loss model" involves a determination of the expected credit loss from a default event in the twelve months following the reporting date or a shorter period, if the expected term is less than twelve months at the financial statement date.

If there is a significant increase in credit risk, it is transferred to level 2 of the model. For these financial instruments and for trade accounts receivable, credit losses over the total term to maturity are determined on level 2 of the general model. If there is objective evidence of impairment, the financial assets are assigned to level 3 of the model. The expected credit losses are determined on an individual item basis depending on several factors, e.g., past due, counterparties and country risks.

Cash measured at amortized cost is subject to the general model of expected credit losses.

If the requirements for a low credit risk are not met, an assessment of the change in credit risk is required. In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, Douglas AG takes into account appropriate information that is relevant and available without undue expense of time and money.

For other financial assets carried at amortized cost, the credit risk is continuously monitored on the basis of bond quotes and ratings if these are available in liquid form. Furthermore, a significantly increased credit risk is assumed when a financial asset is more than 30 days overdue.

There is objective evidence of impairment if Douglas AG anticipates adverse effects on expected cash flows. These include, for example, significant financial difficulties on the part of the issuer or debtor, indications of insolvency or other restructuring proceedings as well as deterioration in market conditions. In this sense, financial assets are considered to be in default if the debtor has filed for bankruptcy or if management, taking into account all circumstances, believes that the debtor is in default. The gross carrying amount of a financial asset is written down if, according to reasonable estimates, it is not expected that the financial asset will be fully or partially recovered.

Expenses or income from impairment losses or reversals of impairment losses for expected credit losses on financial assets are reported under the line item "Result from impairments on financial assets" in the Consolidated Statement of Profit or Loss. Impairment losses for financial assets in the general approach are insignificant.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are solely used to reduce risk. Derivative financial instruments are measured at fair value both upon initial and subsequent measurement. This value can be positive or negative; if it is positive, an (other financial) asset is recognized; if it is negative, a (other financial) liability is recognized. The fair value of derivative financial instruments corresponds to the amount the Group company either would have to pay or would receive upon transfer of the financial instrument on the reporting date. The calculation of the fair value takes into account the interest rates and forward rates in effect as of the reporting date. Derivative financial instruments are measured, with the exception of the effective portion in hedge accounting, at fair value through profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGE ACCOUNTING

As of the reporting date, the DOUGLAS Group uses interest rate swaps to hedge against certain interest rate risks. The hedge concerns the risk of fluctuations in cash flows in connection with the recognized term loan liability (Facility B). Such derivative financial instruments are measured at fair value through profit or loss for the last time at the time of their designation; subsequent fluctuations in fair value, if they are hedge-effective, are reported in other comprehensive

income (can be reclassified) and recorded in interest expenses with the effect on profit or loss of the underlying transaction.

At the inception of a hedging relationship, the hedging relationship to which hedge accounting is to be applied and the risk management objectives and strategies for conducting the hedge are formally determined and documented. The documentation includes the hedging instrument, the hedged item, the nature of the risk being hedged and how we will assess whether the hedging relationship meets the requirements for hedge effectiveness (including analyzing the causes of hedge ineffectiveness and determining the hedge level).

If a derivative is designated as a cash flow hedge, the effective portion of the changes in fair value is recognized in other comprehensive income and accumulated in the hedge reserve. The effective portion of the changes in fair value recognized in other comprehensive income is limited to the accumulated change in the fair value of the hedged item (calculated on the basis of the present value) since the hedge began. An ineffective portion of the changes in the fair value of the derivative is recognized immediately in profit or loss. The ineffectiveness of the hedge can result from:

→ different interest rate curves used to discount the underlying transaction and the hedging instrument

→ different payment dates for the cash flows of the underlying transaction and the hedging transaction

→ the credit risk of the counterparties has different effects on the changes in the fair value of the hedging instrument and the underlying transaction.

For hedged forecast transactions, the cumulative amount placed in the hedge reserve is reclassified to profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss. When the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, terminates or is exercised, hedge accounting is discontinued prospectively. When cash flow hedge accounting is discontinued, the amount placed in the hedge reserve remains in equity until that amount is reclassified to profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts allocated to the hedging reserve are immediately reclassified to profit or loss.

TRADE ACCOUNTS RECEIVABLE

Trade receivables are recognized at the transaction price at the time of revenue recognition and subsequently measured at amortized cost. See Note “Trade Accounts receivable”.

OTHER FINANCIAL ASSETS

With the exception of derivative financial instruments and investments, other financial assets are measured at amortized cost. For subsequent measurement, see the preceding explanations on financial assets and Note “Other financial Assets”.

CASH

Cash, which includes money accounts with banks, is measured at amortized cost, based on the business model „hold“ and the fulfilment of the cash flow criterion, and have residual terms of a maximum of three months at the point of acquisition.

INVENTORIES

Merchandise is measured at the lower of cost and net realizable value. The acquisition costs are determined using either the average cost method or the retail method - based on the sales price using appropriate discounts. The acquisition costs are reduced by payments granted by suppliers, unless the payments are compensation for services rendered or cost reimbursements (income from services provided to third parties; see other operating income). Reductions in acquisition costs therefore include bonuses, cash discounts and rebates in particular. Interest on borrowings is not included in the acquisition costs, as inventories, most of which constitute acquired trading merchandise, are not qualifying assets as defined by IAS 23. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to sell the inventory. In addition to the incremental costs incurred in a particular further sales transaction, costs that are unavoidable for the sale must also be included in the estimated necessary selling expenses.

At its own judgment and taking into account the specific facts and circumstances, including the nature of the inventories, the Group determines which costs are necessary for the sale. Ageing as well as fashion and other risks are considered, to the extent needed, as part of measurement at net realizable value.

Raw materials and supplies are measured at the lower of cost and net realizable value.

PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions are accounted for in line with the requirements of IAS 19. Actuarial calculations of provisions for defined benefit plans use the projected unit credit method. As part of this measurement, the pensions and entitlements known on the reporting date are taken into account as well as the increases in salaries and pensions to be expected in future. If the calculated benefit obligation or the fair value of the plan assets increases or decreases between the beginning and the end of a financial year due to experience-based adjustments (e.g., a change in the fluctuation rate) or changes in the underlying actuarial assumptions, this results in so-called actuarial gains and losses. These are recognized in other comprehensive income without affecting profit or loss. Effects from plan changes and curtailments are taken into account as service costs. The interest portion of additions to pension provisions included in pension expenses is reported as interest expense within the finance result. If plan assets exist, the amount of the defined benefit liability is calculated as the difference between the present value of the defined benefit obligation and the fair value of the plan assets.

PROVISIONS

Provisions are recognized if there is a legal or constructive obligation to third parties arising from past events and if the future cash outflow to fulfill this commitment can be estimated reliably. The carrying amount of the provision is based—for individual risks—on the best estimate of the settlement considering all recognizable risks, or—for a large population of risks—the amount computed according to the expected value method. Non-current provisions are recognized at their present value as of the reporting date. The maturity of long-term provisions for employee benefits is based on the date the employee leaves the company or on the timing of forecasted cash outflows. The maturity of long-term real estate commitments is based on the term of the lease contract or the estimated date of an early termination of the lease contract and mainly contain reconstruction obligations. Provisions for restoration obligations are recognized if contractual agreements and experience show that there is a probability of at least 50 percent that claims will be made against the Group from this obligation. Provisions for restructuring measures are recognized if a constructive obligation to restructure has arisen as of the reporting date. This is the case if a detailed restructuring plan has been formally adopted and its key elements communicated vis-à-vis those affected or if the implementation of the plan has already begun. Restructuring provisions only comprise obligatory restructuring expenses. Future operating losses are not taken into account.

FINANCIAL LIABILITIES

With the exception of contingent purchase price obligations resulting from business acquisitions, financial liabilities are initially recognized at fair value, less transaction costs and any embedded derivatives that must be separated, and

subsequently measured at amortized cost. Transaction costs attributable to the acquisition are included in the recognition of financial liabilities. If there is a difference between the amount received and the amount to be paid upon maturity, this difference is amortized over the term according to the effective interest rate method. Financial liabilities are derecognized when the obligation is extinguished or expired (e. g. limitation of time). A financial liability is also derecognized if there has been a substantial modification in the contractual terms of an existing financial liability or part thereof. All trade accounts payable have a term of less than one year and are non-interest bearing. In the Group, liabilities measured at amortized cost include bank liabilities, trade accounts payable and refund liabilities from customer returns. The Group does not make use of the option to measure financial liabilities at fair value through profit or loss upon initial recognition.

CONTRACT LIABILITIES IN THE MEANING OF IFRS 15

Contract liabilities are recognized when the customer has already paid the consideration and DOUGLAS has yet to fulfill its performance obligation to transfer goods or services to the customer. At DOUGLAS, contract liabilities are mainly deferred sales from customer loyalty programs and the sale of gift vouchers. Contract liabilities for the deferral of sales of gift certificates sold and for discount options purchased by customers are recognized as other liabilities. Refund liabilities relating to deferred revenue from expected customer returns are recognized as other financial liabilities.

For further disclosures on deferred sales and revenue recognition, see chapter "Revenue recognition".

ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

In preparing the Consolidated Financial Statements, assumptions, estimates and judgments have been made that affect the reported amounts of assets, liabilities, income and expenses.

Assumptions, estimates

Information about assumptions and estimation uncertainties as of September 30, 2024, that may have a significant risk of causing a material restatement to the carrying amounts of recognized assets and liabilities within the next financial year is included in the disclosures below.

Estimates and underlying assumptions with a significant impact have been made in particular for the following matters:

→ Note “Goodwill” and Note “Other intangible Assets”:

Assessment of the recoverability of goodwill and brands with indefinite useful lives.

→ Note “Right of Use Assets”:

Determining the term of leases, taking into account extension and / or termination options:

The assessment of whether these options are exercised with reasonable certainty affects the term and therefore the measurement of the lease liability and the right-of-use asset of a lease.

→ Note “Other financial Assets”:

Compensation granted by suppliers: Determination of whether receivables from supplier bonuses and advertising cost subsidies have been realized as of the reporting date. In some cases, this requires an estimate of the purchasing volume for the entire calendar year as of the reporting date.

→ Note “Sales”:

The assessment of whether sales from the E Com channel have been realized as of the reporting date and the associated effects on the timing of sales recognition.

In individual cases, the actual values may differ from the assumptions and estimates made. Changes are recognized in profit or loss when better knowledge becomes available.

Use of judgement

Information on the judgments made in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements is provided in the disclosures below:

→ Note “Accounting and Valuation Principles”, subchapter “Inventories”:

Compensation granted by suppliers: Determination of whether remuneration is paid by suppliers in connection with goods purchased or as compensation for services rendered or cost reimbursements (see also Note “Other operating Income”).

→ Note “Segment Reporting”: Aggregation of operating segments into reportable segments.

The decision as to which operating segments have been aggregated into reportable segments is subject to discretion with regard to the similarity of their economic characteristics.

RESULTS OF THE FINANCIAL YEAR – NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

5. Sales

Sales in the financial year amounted to EUR 4,451.0 million (prior year: EUR 4,093.9 million) and were distributed as follows:

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Store Sales	2,999.5	2,771.4
E-Com Sales	1,451.4	1,322.4
Total	4,451.0	4,093.9

The commissions from the Partner Program reported in E-Com sales amounted to EUR 10.3 million (prior year: EUR 10.3 million) and sales from Retail Media amounted to EUR 22.6 million (prior year: EUR 16.8 million).

For the presentation of sales by region, see the Note "Segment Reporting".

6. Other Operating Income

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Income from services rendered to third parties and reimbursement of costs	201.0	173.0
Income related to leases and sub-leases	11.3	17.7
Income from fees related to Douglas Premium Card	11.0	11.1
Income from reversal of provisions	8.6	14.4
Income from the derecognition of liabilities	7.3	2.3
Income from insurance claims	3.7	2.7
Income from disposal of non-current assets	0.1	0.3
Miscellaneous other income	51.3	58.8
Total	**294.2**	280.4

7. Personnel Expenses

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Wages and salaries	560.7	534.8
Social security, pensions and other benefits costs	119.1	109.8
thereof for pensions	*4.6*	*3.6*
Total	**679.8**	**644.7**

Average number of employees and apprentices in the financial year:

	10/01/2023-09/30/2024	10/01/2022-09/30/2023
Salaried employees	18,612	17,948
Apprentices	409	301
Total	**19,020**	**18,249**

Average number of employees (excluding apprentices) per reportable segment and for the Group in the financial year:

	10/01/2023-09/30/2024	10/01/2022-09/30/2023
DACHNL	7,726	7,399
France	3,403	3,328
Southern Europe	3,339	3,335
Central Eastern Europe	3,172	2,849
Parfumdreams/Niche Beauty	454	482
Reconciliation to DOUGLAS Group	518	556
DOUGLAS Group	**18,612**	**17,948**

8. Other operating Expenses

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Marketing and advertising costs	256.3	218.2
Goods handling costs	202.4	198.0
Other services	153.6	140.6
Rent and utilities	83.1	77.7
IT costs	60.5	49.0
Credit card fees	24.2	21.4
Repair costs	13.2	12.7
Fees and contributions	17.1	15.9
Equipment and consumables	12.3	10.9
Office costs and postage	9.0	9.3
Travel and vehicle expenses	7.9	6.7
Miscellaneous other operating expenses	80.7	49.0
Total	**920.1**	809.5

Other services mainly include consulting, legal and auditing expenses.

The increase in miscellaneous other operating expenses is due in particular to the appraisal rights proceedings.

9. Finance Result

	Notes No.	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Interest income from loans and receivables		4.4	1.4
Interest income from compounding lease receivables		0.4	0.3
Interest income from short-term investment of funds		1.9	2.7
Income from the measurement of derivative financial instruments with recognized hedging transactions at fair value		0.1	0.0
Income from foreign currency exchange differences		16.5	13.9
Income from measurement of embedded options at fair value		22.5	31.6
Income from measurement of derivative financial instruments at fair value		2.1	5.1
Income from derivate financial instruments		2.9	0.0
Total finance income		**51.0**	55.1
Interest and amortization expense on financial liabilities at amortized cost		-215.4	-256.6
Interest expense from compounding lease liabilities		-57.0	-54.2
Interest expense in connection with other provisions		-7.9	-0.1
Interest expense from compounding pension provisions		-1.0	-0.9
Expense from non-controlling options	27	0.0	-3.6
Expense from foreign exchange differences		-9.2	-7.8
Expense from the disposal of embedded options		-54.2	0.0
Expenses from measurement of derivative financial instruments at fair value		-7.3	-3.7
Total finance expenses		**-352.0**	-326.9
Finance result		**-301.0**	-271.7

Interest expense in connection with other provisions relates to interest claims from the appraisal rights proceedings.

The finance expense from non-controlling options relates to the results of non-controlling shareholders, whose interests are reported as payables, as these either have an option right or involve German partnerships, as well as the effect of revaluation as of the reporting date. For further information on liabilities to non-controlling shareholders, please refer to Note “Other financial Liabilities”.

NET FINANCE RESULT BY VALUATION CATEGORY

The following table shows the net finance result by valuation category for financial year 2023/2024.

	Fair Value valuation EUR m	Currency translation EUR m	Interest income EUR m	Interest expense EUR m	**Net result EUR m**
Financial assets measured at amortized cost			4.4		**4.4**
Financial liabilities measured at amortized cost				-215.4	**-215.4**
Financial assets measured at Fair Value through profit or loss	-34.9		2.9		**-32.0**
Financial liabilities measured at Fair Value through profit or loss	0.1				**0.1**
Net profit by valuation category	**-34.8**	**0.0**	**7.3**	**-215.4**	**-242.8**
Assets and liabilities from leases			0.4	-57.0	**-56.6**
Assets and liabilities that are not defined as financial instruments		7.3		-8.9	**-1.6**
Finance result	**-34.8**	**7.3**	**7.7**	**-281.3**	**-301.0**

Impairment losses on trade accounts receivable - falling into the category "measured at amortized cost" – amount to EUR 2.6 million in the reporting year (prior year: EUR 2.4 million) and are reported under other operating expenses.

The following table shows the net finance result by valuation category for financial year 2022/2023.

	Fair Value valuation EUR m	Currency translation EUR m	Interest income EUR m	Interest expense EUR m	Net result EUR m
Financial assets measured at amortized cost			1.3		1.3
Financial liabilities measured at amortized cost				-256.9	-256.9
Financial assets measured at Fair Value through profit or loss	35.7				35.7
Financial liabilities measured at Fair Value through profit or loss	-3.3				-3.3
Net profit by valuation category	32.4	0.0	1.3	-256.9	-223.1
Lease assets and liabilities			0.3	-54.2	-53.9
Assets and liabilities that are not defined as financial instruments		6.1	0.2	-1.0	5.3
Finance result	32.4	6.1	1.8	-312.1	-271.7

10. Income Taxes

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Current income taxes	-55.9	-54.8
thereof domestic (Germany)	*-7.8*	*-4.2*
thereof foreign entities	*-48.1*	*-50.6*
Deferred taxes	57.5	6.1
thereof from temporary differences	*38.9*	*-3.6*
thereof from loss carryforwards	*18.6*	*9.7*
Total	1.6	-48.7

Current income taxes included tax income for prior years amounting to EUR 6.0 million (prior year: tax expenses for prior years of EUR 8.7 million).

The expected tax rate of 32.0 percent (consisting of 15.8 percent corporation tax and 16.2 percent trade tax) in essence corresponds to the tax rate of the Group parent company.

In financial year 2023/2024, tax loss carryforwards of EUR 73.0 million (prior year: EUR 30.6 million) and interest carryforwards of EUR 30.2 million (prior year: EUR 20.7 million), for which no deferred tax assets were recognized, were utilized. Of the tax loss carryforwards, EUR 22.7 million were used abroad and EUR 50.3 million in Germany, consisting of EUR 20.2 million in corporation tax and EUR 30.1 million in trade tax. The interest carryforwards were used exclusively abroad. All loss and interest carryforwards can be carried forward indefinitely.

Current tax expense decreased by EUR 19.2 million (prior year: EUR 10.1 million) due to the use of tax loss carryforwards and interest carryforwards for which no deferred tax was recognized.

In financial year 2023/2024, the recognition and recoverability of deferred tax assets was reassessed, as the tax assets of individual Group companies are expected to be realized in the near future based on planning calculations. This resulted in income of EUR 25.7 million (prior year: EUR 9.4 million) and EUR 16.9 million (prior year: EUR 3.3 million).

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Earnings before tax (EBT)	82.5	65.3
Expected tax rate	32.0%	32.0%
Expected tax expense (PY: tax income)	**-26.4**	**-20.9**
Tax rate effects from domestic and cross border tax jurisdictions (trade tax)	22.8	20.1
Trade tax modifications (additions (-) / reductions (+))	-9.3	-6.9
Non-period income tax expense/income	6.0	-8.7
Tax-exempt income	8.8	0.0
Non-tax-deductible operating expenses	-14.3	-41.7
Non-recognition of deferred taxes from tax loss or interest carried forwards	-38.0	-7.5
Utilization of previously unrecognized loss or interest carryforwards	19.2	10.1
First-time recognition of deferred tax assets due to revaluation	25.7	9.4
Non-consideration of impairments on goodwill	0.0	-4.0
Changes of permanent differences	-10.7	-2.6
Change in valuation allowances on deferred tax assets	16.9	3.3
Other	0.9	0.7
Tax income (PY: tax expense)	**1.6**	**-48.7**

The non-recognition of deferred taxes from tax loss or interest carryforwards in the amount of EUR 38.0 million (prior year: EUR 50.2 million) mainly related to interest expenses in connection with the so-called “interest barrier” in Germany, which could not be claimed for tax purposes in the reporting year but can be carried forward indefinitely to subsequent years as interest carryforwards.

11. Earnings per Share

Earnings per share are calculated by dividing the profit for the period attributable to the shareholders of Douglas AG in the amount of EUR 84.0 million (prior year: EUR 16.7 million) by a weighted number of shares issued and are shown in the Consolidated Statement of Profit or Loss.

The weighted number of shares issued in financial year 2023/2024 amounted to 92,163,462 (prior year: 75,000,000). When calculating the weighted number of shares issued, the number of shares at the time of the change of legal form to a stock corporation and the increase in the number of shares from company funds retroactively to October 1, 2023 were taken into account, as this was a restructuring of equity within the meaning of IAS 33 (75,000,000 shares in total). The number of shares issued as part of the IPO of Douglas AG was taken into account on a pro rata temporis basis for the reporting year (32,692,308 shares). For the prior year 75,000,000 shares were taken into account.

A dilution effect that could arise in the future from potential shares did not occur either in the reporting year or in the prior year.

See also Note “Equity” for the development of the number of shares.

ASSETS, EQUITY AND LIABILITIES – NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12. Goodwill

The following table shows the development of goodwill for financial year 2023/2024. The following table shows the development of goodwill for financial year 2023/2024.

	2023/2024 EUR m	2022/2023 EUR m
Acquisition costs		
Beginning of the reporting period	1,950.7	1,946.0
Currency translation adjustments	4.6	3.1
Changes due to disposal of business		
Increases/decreases resulting from business combinations	0.0	1.6
End of the reporting period	**1,955.3**	1,950.7
Accumulated impairment		
Beginning of the reporting period	922.3	909.9
Changes due to disposal of business		
Impairments	0.0	12.4
End of the reporting period	**922.3**	922.3
Net carrying amounts		
End of the reporting period	1,033.0	1,028.4

The development of goodwill in the financial year was exclusively due to currency effects.

The currency effects on goodwill are attributable to the goodwill-bearing units Poland in the amount of EUR 4.7 million (prior year: EUR 2.6 million) and Hungary in the amount of minus EUR 0.1 million (prior year: EUR 0.5 million).

Further information on impairments can be found in Note “Impairment of Assets according to IAS 36”.

13. Other intangible Assets

The following table shows the development of other intangible assets for financial year 2023/2024.

	Brands, leasehold interests, licences, software and miscellaneous acquired other intangible assets EUR m	Advance payments for intangible assets EUR m	Internally generated intangible assets EUR m	Internally generated intangible assets under development EUR m	Total EUR m
Acquisition costs					
10/01/2023	1,172.5	1.8	84.2	19.5	1,278.0
Currency translation adjustments	0.1				0.1
Changes due to disposal of business	-0.1				-0.1
Additions	4.7	1.6	18.3	8.2	32.8
Disposals	-26.4				-26.4
Reclassifications	1.2	-1.0	15.4	-15.4	0.2
09/30/2024	**1,152.0**	**2.4**	**117.9**	**12.3**	**1,284.6**
Accumulated amortization, depreciation and impairment					
10/01/2023	413.6	0.0	40.7	0.0	454.3
Currency translation adjustments	0.1				0.1
Changes due to disposal of business	-0.1				-0.1
Amortization or Depreciation	6.6		15.5		22.1
Impairments	2.0				2.0
Write-up	-0.8				-0.8
Disposals	-26.4				-26.4
09/30/2024	**395.0**	**0.0**	**56.2**	**0.0**	**451.2**
Net carrying amounts					
09/30/2024	**757.0**	**2.4**	**61.7**	**12.3**	**833.4**

“Brands, leasehold interests, licenses, software and miscellaneous acquired intangible assets” include assets with indefinite useful lives amounting to EUR 735.0 million (prior year: EUR 733.6 million). Of this amount, EUR 534.4 million (prior year: EUR 534.4 million) is attributable to the “DOUGLAS” brand, EUR 172.7 million (prior year: EUR 172.7 million) to the “Nocibé” brand and EUR 27.9 million (prior year: EUR 26.5 million) to location benefits associated with rental agreements.

The following table shows the development of other intangible assets for financial year 2022/2023.

	Brands, leasehold interests, licences, software and miscellaneous acquired other intangible assets EUR m	Advance payments for intangible assets EUR m	Internally generated intangible assets EUR m	Internally generated intangible assets under development EUR m	Total EUR m
Acquisition costs					
10/01/2022	1,165.9	3.6	71.8	2.9	1,244.2
Increases/decreases resulting from business combinations					0.0
Additions	5.1	1.1	12.4	18.9	37.5
Disposals	-1.4			-2.3	-3.7
Reclassifications	2.9	-2.9			0.0
09/30/2023	1,172.5	1.8	84.2	19.5	1,278.0
Accumulated amortization, depreciation and impairment					
10/01/2022	402.1	0.0	27.2	0.0	429.3
Currency translation adjustments					0.0
Amortization or Depreciation	11.7		13.5		25.2
Impairments	3.2				3.2
Write-up	-2.1				-2.1
Disposals	-1.3				-1.3
09/30/2023	413.6	0.0	40.7	0.0	454.3
Net carrying amounts					
09/30/2023	758.9	1.8	43.5	19.5	823.7

15. Property, Plant and Equipment

The following table shows the development of property, plant and equipment for financial year 2023/2024.

	Land and buildings EUR m	Other equipment, operating and office equipment EUR m	Advance payments on assets under construction EUR m	Total EUR m
Acquisition costs				
10/01/2023	466.0	655.2	15.0	**1,136.2**
Currency translation adjustments	2.5	3.4	0.2	**6.1**
Changes due to disposal of business	-0.1	-0.6	-0.1	**-0.8**
Additions	45.1	60.4	17.7	**123.2**
Disposals	-19.4	-41.8	-0.7	**-61.9**
Reclassifications	3.8	4.7	-8.7	**-0.2**
09/30/2024	**497.9**	**681.3**	**23.4**	**1,202.6**
Accumulated amortization, depreciation and impairment				
10/01/2023	355.3	557.5	0.0	**912.8**
Currency translation adjustments	1.7	2.5		**4.2**
Changes due to disposal of business	-0.1	-0.6	-0.1	**-0.8**
Amortization or Depreciation	22.5	37.4		**59.9**
Impairments	1.3	3.5	0.1	**4.9**
Write-up	-0.1	-0.4		**-0.5**
Disposals	-19.4	-41.0		**-60.4**
Reclassifications				**0.0**
09/30/2024	**361.2**	**558.9**	**0.0**	**920.1**
Net carrying amounts				
09/30/2024	**136.7**	**122.4**	**23.4**	**282.5**

The following table shows the development of property, plant and equipment for financial year 2022/2023.

	Land and buildings EUR m	Other equipment, operating and office equipment EUR m	Advance payments on assets under construction EUR m	Total EUR m
Acquisition costs				
10/01/2022	448.6	630.4	18.5	1,097.5
Currency translation adjustments	1.4	2.2	0.2	3.8
Additions	24.6	36.3	7.5	68.4
Disposals	-14.2	-18.3	-1.0	-33.5
Reclassifications	5.6	4.6	-10.2	0.0
09/30/2023	466.0	655.2	15.0	1,136.2
Accumulated amortization, depreciation and impairment				
10/01/2022	348.4	540.0	0.0	888.4
Currency translation adjustments	0.9	1.7		2.6
Amortization or Depreciation	19.3	34.4		53.7
Impairments	0.4	0.6		1.0
Write-up	-0.4	-1.8		-2.2
Disposals	-14.2	-16.5		-30.7
Reclassifications	0.9	-0.9		0.0
09/30/2023	355.3	557.5	0.0	912.8
Net carrying amounts				
09/30/2023	110.7	97.7	15.0	223.4

17. Right of Use Assets

The following table shows the development of rights of use under leases for financial year 2023/2024.

	Right of use assets property EUR m	Right of use assets cars EUR m	Right of use assets other EUR m	Total EUR m
Acquisition costs				
10/01/2023	1,877.9	8.8	0.6	**1,887.3**
Currency translation adjustments	9.1	0.1		**9.2**
Changes due to disposal of business	-2.1			**-2.1**
Additions	277.5	1.9	1.6	**281.0**
Disposals	-68.5	-2.6	-0.1	**-71.2**
Reclassifications				**0.0**
09/30/2024	**2,093.9**	**8.2**	**2.1**	**2,104.2**
Accumulated amortization, depreciation and impairment				
10/01/2023	877.9	5.7	0.3	**883.9**
Currency translation adjustments	4.1	0.1		**4.2**
Changes due to disposal of business	-2.1			**-2.1**
Amortization or Depreciation	247.8	1.8	0.3	**249.9**
Impairments	8.1			**8.1**
Write-up	-0.7			**-0.7**
Disposals	-57.4	-2.6	-0.1	**-60.1**
09/30/2024	**1,077.7**	**5.0**	**0.5**	**1,083.2**
Net carrying amounts				
09/30/2024	**1,016.2**	**3.2**	**1.6**	**1,021.0**

Disposals of financial year 2023/2024 mainly resulted from the termination of real estate lease contracts. The disposals of right-of-use assets from leases had no material effect on profit or loss.

For further disclosures on leases, please refer to Note “Leases”.

The following table shows the development of rights of use under leases for financial year 2022/2023.

	Right of use assets property EUR m	Right of use assets cars EUR m	Right of use assets other EUR m	Right of use assets advance payments EUR m	Total EUR m
Acquisition costs					
10/01/2022	1,740.2	7.0	0.4	-0.1	1,747.5
Currency translation adjustments	6.1				6.1
Additions	230.4	2.3	0.2	0.3	233.2
Disposals	-98.8	-0.5		-0.2	-99.5
09/30/2023	1,877.9	8.8	0.6	0.0	1,887.3
Accumulated amortization, depreciation and impairment					
10/01/2022	693.9	4.5	0.1	0.0	698.5
Currency translation adjustments	2.0				2.0
Amortization or Depreciation	238.1	1.6	0.2		239.9
Impairments	10.5				10.5
Write-up	-3.3				-3.3
Disposals	-63.3	-0.4			-63.7
09/30/2023	877.9	5.7	0.3	0.0	883.9
Net carrying amounts					
09/30/2023	1,000.0	3.1	0.3	0.0	1,003.4

19. Impairment of Assets according to IAS 36

In accordance with IAS 36 (Impairment of Assets), certain assets are tested for impairment annually or as result of a triggering event. For this purpose, the recoverable amount is estimated. If the recoverable amount for the individual asset cannot be estimated, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs (the asset's cash-generating unit) is determined. The carrying amount of the asset or cash-generating unit (or groups of cash-generating units) is compared with the recoverable amount of the asset or cash-generating unit (or groups of cash-generating units). Any resulting impairment losses are recognized in the Consolidated Statement of Profit or Loss under depreciation/amortization/impairment.

GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For goodwill, impairment tests are conducted at the level of a group of cash-generating units, generally equaling the country level with the exception of “Parfumdreams/Niche Beauty”.

The recoverable amount for goodwill in the DOUGLAS Group is primarily determined as the value in use on the basis of discounted future cash inflows derived from internal planning calculations.

Key planning assumptions include sales growth, expectations of Adjusted EBITDA and estimates of the perpetual growth rate and the cost of capital.

The allocation of the residual carrying amounts of goodwill to the reportable and operating segments and groups of CGUs is shown below.

	09/30/2024			09/30/2023		
	Reportable Segment EUR m	Operating Segment EUR m	Group of CGU EUR m	Reportable Segment EUR m	Operating Segment EUR m	Group of CGU EUR m
DACHNL	488.6			488.6		
DACH		287.0			287.0	
Germany			287.0			287.0
BENE		201.6			201.6	
The Netherlands			201.6			201.6
France	437.0	437.0	437.0	437.0	437.0	437.0
Southern Europe	3.2	3.2		3.2	3.2	
Italy			3.2			3.2
Central Eastern Europe	92.0	92.0		87.3	87.3	
Poland			62.8			58.1
Other Central-Eastern-Europe			29.1			29.2
Parfumdreams/Niche Beauty	12.2	12.2	12.2	12.2	12.2	12.2
Total	1,033.0	1,033.0	1,033.0	1,028.4	1,028.4	1,028.4

The planning calculations used to determine the value in use relate to detailed planning periods of three years, which corresponds to the planning system of the companies, followed by the perpetual annuity. The premises are based on management assessments as well as past experience and general economic data. The underlying three-year plan was approved by the Supervisory Board.

In the **detailed planning phase**, we are assuming the following country-specific average increases in sales and EBITDA for the main goodwill items.

Group of CGU	Sales	EBITDA	Years
Germany	significantly	strongly	3
The Netherlands	strongly	strongly	3
France	significantly	significantly	3
Poland	strongly	strongly	3
Parfumdreams/Niche Beauty	strongly	strongly	3

All other goodwill-bearing units not mentioned here are of minor importance with regard to the amount of goodwill attributable to them.

The qualified comparative statements made on sales and EBITDA are based on the following ranking:

Ranking	Characteristics of the qualified comparative forecasts
1.	in line with the previous year
2.	slightly
3.	solid
4.	vigorous
5.	significantly
6.	strongly

The calculation of the perpetual annuity for all goodwill-bearing units is based on a growth rate of 1.0 percent.

The following capitalization rates were used for discounting of the most significant goodwill items.

	09/30/2024 before tax %	09/30/2023 before tax %
Germany	12.0	13.0
The Netherlands	11.4	12.3
France	11.9	12.7
Poland	13.9	14.2
Parfumdreams/Niche Beauty	12.0	13.0

In financial year 2023/2023, the impairment test of goodwill led to no impairment loss (prior year: EUR 12.4 million). In the prior year, the recoverable amount of the group of CGUs "Parfumdreams/Niche Beauty" corresponded to the carrying amount.

Overview of the impairment loss and recoverable amount at the level of the goodwill-bearing units:

	10/01/2023 - 09/30/2024 Impairments EUR m	09/30/2024 Recoverable amount EUR m	10/01/2022 - 09/30/2023 Impairments EUR m	09/30/2023 Recoverable amount EUR m
Parfumdreams/Niche Beauty	-	-	12.4	37.4
Total	-	-	12.4	37.4

Brands with indefinite useful life

The company assumes that the useful life of the "DOUGLAS" and "Nocibé" brands is indefinite due to ongoing brand retention measures and that these assets have to be tested for impairment at least on a yearly basis . As in the prior year, EUR 534.4 million were allocated to the "DOUGLAS" brand and EUR 172.7 million to the "Nocibé" brand.

The brands are corporate assets that contribute to the future cash flows of several cash-generating units. The brands are allocated to the level at which they can be allocated on a reasonable and consistent basis, i.e., the level of the national company (group of cash-generating units). The brands are then generally tested for impairment at this level. The impairment test at the level of the group of cash-generating units is not required regarding the brands if the recoverable amount of the respective brand is unquestionably greater than their carrying amount and there are no indications that the group of cash-generating units is impaired.

Therefor the recoverable amount of the two brands is determined in order to test whether it is significantly higher than the respective carrying amount. The recoverable amount for the brands is the fair value (level 3), which is determined using a recognized valuation method (license price analogy).

The key assumptions used to determine the fair value of the brands are the change in sales, the license rate and the cost of capital. The assumptions in the detailed planning period regarding the change in sales and the cost of capital correspond to the assumptions used in goodwill impairment tests (see above). A sales-related license rate was derived from the profit contributions generated by the brand and a standardized licensor share.

The development of brand-relevant sales is extended after the detailed planning period with an average growth rate of 2.0 percent over a total of 17 years and then subsequently reduced to zero over 10 years with uniformly declining sales. The assumed license rates were 3.1 percent for the "DOUGLAS" brand (prior year: 2.9 percent) and 4.0 percent for the "Nocibé" brand (prior year: 4.0 percent).

The cash flows were discounted at a cost of capital of 8.4 percent (prior year: 9.1 percent) for the "DOUGLAS" brand and 8.8 percent (prior year: 9.5 percent) for the "Nocibe" brand.

While the "Nocibé" brand is allocated exclusively to segment France, the "DOUGLAS" brand was allocated to the corresponding national companies based on the planned sales for the following financial year and was essentially allocated to the following groups of CGUs:

	09/30/2024 Group of CGU EUR m	09/30/2024 Group of CGU EUR m
Germany	235.8	238.2
The Netherlands	65.1	62.7
Italy	75.2	77.3
Spain	15.0	17.7
Poland	54.5	51.3
Other	88.8	87.2
Total	534.4	534.4

The recoverable amount for both brands was higher than the respective carrying amount, so that no impairment was required for either brand.

Location advantages associated with rental agreements

The location advantages associated with rental agreements in France are tested at the level of the cash-generating unit that is linked to the respective rental agreement, which is typically represented by the rented store. In the impairment test, the sum of the carrying amounts of the group of cash-generating units is compared with the recoverable amount.

In segment France, location advantages associated with rental agreements acquired from the previous tenant in return for payment are capitalized in the amount of EUR 26.9 million (prior year: EUR 26.5 million). The useful life is independent of the respective terms of the rental agreements and is therefore indefinite. The value to be used for the impairment test (recoverable amount) is determined by the higher of the fair value less costs of disposal and the value in use. A pre-tax capitalization rate of 12.0 percent (prior year: 9.5 percent) was used for discounting purposes.

The impairment test of these location advantages associated with rental agreements led to impairment losses in the amount of EUR 1.7 million (prior year: EUR 3.5 million) and reversals of impairment losses of EUR 0.6 million (prior year: EUR 0.0 million) in segment France in the reporting period. The recoverable amount of the location advantages associated with rental agreements affected by impairments amounted to EUR 1.1 million (prior year: EUR 0.7 million). The recoverable amount of the location advantages associated with rental agreements affected by reversals of impairment losses amounted to EUR 1.4 million (prior year: EUR 0.0 million).

Right of use for the central warehouse in Hamm

For the purposes of impairment testing, the right-of-use asset of the Hamm central warehouse opened at the end of prior financial year 2022/2023 was allocated to the cash-generating units as a corporate asset.

The right of use is used by the countries Germany, Austria and Switzerland as well as Parfumdreams and the impairment test was conducted at country level or at the level of Parfumdreams. The impairment test based on the value in use did not result in any impairment. In prior year 2022/2023 the impairment loss amounted to EUR 8.4 million in operating segment DACH, the recoverable amount for the impaired CGU in operating segment DACH amounted to EUR 10.2 million and the corresponding cost of capital after taxes was 9.7 percent.

Stores

The triggering event for subjecting stores to an impairment test is, in particular, negative store contribution margins due to a decline in customer frequency and planned store closures.

The recoverable amount is calculated as the value in use on the basis of future cash flows, which are based on internal planning calculations. The planning assumptions include sales growth, gross profit expectations/EBITDA expectations, estimates of replacement investments in the store network, the personnel expenses ratio and other cost ratios relating to the individual stores. The planning calculations relate to the remaining term of the respective rental agreements calculated up to their probable end, including any extension options. The planning period is between one and fifteen years. The calculation is based on interest rates of between 9.0 percent and 15.5 percent (prior year: between 9.1 percent and 14.9 percent) before taxes.

Impairment tests at the level of stores as cash-generating units resulted in impairment losses totaling EUR 4.7 million (prior year: EUR 0.6 million) and were attributable to the reportable segments as well as the reconciliation to DOUGLAS Group presented below.

	10/01/2023 - 09/30/2024 Reportable Segment EUR m	10/01/2022 - 09/30/2023 Reportable Segment EUR m
DACHNL	1.9	0.0
France	1.2	0.1
Southern Europe	0.9	0.0
Central Eastern Europe	0.0	0.4
Parfumdreams/Niche Beauty	0.2	0.0
Total of Reportable Segments	4.2	0.6
Reconciliation to DOUGLAS Group	0.5	-
Total	**4.7**	0.6

For further disclosures on the development of right-of-use assets from leases, see Note “Right of Use Assets”.

The recoverable amounts of the stores affected by impairment losses are distributed among the reportable segments as follows:

	10/01/2023 - 09/30/2024 Reportable Segment EUR m	10/01/2022 - 09/30/2023 Reportable Segment EUR m
DACHNL	17.5	0.0
France	6.6	4.3
Southern Europe	2.1	0.2
Central Eastern Europe	0.0	0.7
Parfumdreams/Niche Beauty	1.2	0.0
Total of Reportable Segments	27.4	5.2
Reconciliation to DOUGLAS Group	0.0	-
Total	**27.4**	5.2

20. Deferred Taxes

Deferred taxes are calculated on the differences between the IFRS carrying amount and the tax base and are allocated to the individual financial statement items as follows:

	09/30/2024		09/30/2023	
	Deferred tax assets EUR m	Deferred tax liabilities EUR m	Deferred tax assets EUR m	Deferred tax liabilities EUR m
Intangible assets	4.0	211.1	6.5	208.5
Property, plant and equipment	17.5	12.6	15.5	7.0
Inventories	13.9	4.4	12.5	4.0
Financial assets	0.0	2.4	0.3	7.1
Other assets	5.2	0.0	1.7	11.6
Provisions	18.5	2.7	18.9	2.4
Financial liabilities	15.4	0.0	8.8	68.6
Other financial liabilities	8.0	0.1	7.9	0.3
Tax loss carryforward	105.5	0.0	86.9	
Valuation allowance on deferred tax assets	0.0	0.0	-16.9	
Carrying amount of deferred tax before offset	**188.0**	**233.3**	142.1	309.5
Offsetting	-132.8	-132.8	-132.2	-132.2
Carrying amount of deferred tax	**55.2**	**100.5**	9.9	177.4

Presentation of the expense, income or amount recognized in other comprehensive income attributable to temporary differences by financial statement item:

	2023/2024		2022/2023	
	Included in Profit or Loss EUR m	Included in OCI or equity EUR m	Included in Profit or Loss EUR m	Included in OCI or equity EUR m
Intangible assets	-5.1		-8.2	
Property, plant and equipment	-3.6		0.4	
Inventories	1.0		-2.8	
Financial assets	4.4		-6.7	
Other assets	15.1		-12.0	
Provisions	-0.3	-0.4	-4.9	-1.7
Financial liabilities	10.5	64.7	23.1	
Other financial liabilities	0.3		2.3	
Tax loss carryforward	18.6		9.7	
Valuation allowance on deferred tax assets	16.9		3.3	
Total	57.8	64.3	4.1	-1.7

The temporary differences on which the deferred taxes are based were mainly attributable to fair value measurement (in the prior year also to the measurement of financial assets and liabilities in accordance with IFRS 9). The change recognized directly in equity is mainly due to deferred tax expenses for pension provisions in the amount of EUR 0.4 million (prior year: EUR 1.7 million), deferred tax income for cash flow hedges of EUR 0.6 million (prior year: EUR 0.0 million) and deferred tax income related to refinancing of EUR 64.1 million (prior year: EUR 0.0 million).

Group companies with tax losses in the current or prior period recognized deferred tax assets of EUR 1.7 million (prior year: EUR 1.1 million) in relation to temporary differences and loss carryforwards, which were higher than the effects on earnings from the reversal of existing taxable temporary differences. As a result of structural measures and taking into account existing planning calculations, it can be assumed that the recognized deferred tax assets can be realized in future periods.

As of the reporting date, tax loss carryforwards amounted to EUR 519.3 million (prior year: EUR 667.8 million) for which no deferred tax assets were recognized. Of this amount, EUR 380.3 million is attributable to foreign countries and EUR 139.0 million to Germany. The amount of EUR 139.0 million consists of EUR 82.7 million in corporation tax and EUR 56.3 million in trade tax.

There were interest carryforwards of EUR 1,091.3 million (prior year: EUR 1,003.4 million) as of the reporting date, for which no deferred taxes were recognized. In addition, there were temporary differences of EUR 40.0 million (prior year: EUR 54.2 million) for which no deferred tax assets were recognized as of the reporting date.

In accordance with IAS 12, deferred tax liabilities are recognized on the difference between the equity share of a subsidiary included in the Consolidated Statement of Financial Position and the carrying amount of the investment in the subsidiary recognized in the parent company's tax balance sheet (outside basis differences), if realization is expected. As of the reporting date, outside basis differences amounted to EUR 56.8 million (prior year: EUR 50.8 million), for which no deferred taxes were recognized.

GLOBALE MINIMUM TAXATION

To address the concerns about the unequal distribution of profits and the unequal tax contributions of large multinational companies, various agreements have been reached at global level, including an agreement by over 135 countries on the introduction of a global minimum tax rate of 15 percent. In December 2021, the OECD published a

draft legal framework, followed by detailed guidance in March 2022, to be used by individual countries that have signed the agreement to amend their local tax laws. As soon as the changes to the tax laws in the countries in which the Group operates apply or soon will apply, the Group may be required to pay the minimum tax. The Group may be subject to the minimum tax as it has subsidiaries in countries where the statutory or effective tax rate may be below 15 percent. The Management Board is closely monitoring the progress of the legislative process in each country in which the Group operates. With regard to the accounting for deferred taxes, the Group has adopted the international tax reform - Pillar Two model regulations (amendments to IAS 12) with their publication on May 23, 2023. The amendments provide for a temporary mandatory exemption from accounting for deferred taxes for top-up tax, effective immediately, and require new disclosures on Pillar Two risk.

The mandatory practical expedient applies retrospectively. However, as no related deferred taxes were recognized in any country in which the Group operates as of September 30, 2024, the retrospective application has no impact on the Group's consolidated financial statements.

Minimum taxation is to be applied for the first time for financial year 2025/2026, which is why there is no impact on the actual tax expense for financial year 2024.

The Group intends to make use of the temporary safe harbor regulations. To this end, initial investigations have been initiated on the basis of the preliminary data from the qualified country-by-country report (CbCR) for financial year 2023/2024 and the two prior financial years. Based on this preliminary review and the results to date, the Group assumes that almost all countries can make use of the safe harbor regulations.

Minimum taxation legislation affects a small number of countries with an expected maximum total tax expense in the low single-digit million-euro range.

21. Inventories

	09/30/2024 EUR m	09/30/2023 EUR m
Finished goods and merchandise	791.9	761.0
Raw materials, consumables and supplies	1.6	1.5
Advances to suppliers for merchandise	0.0	0.1
Total	**793.5**	762.6

Write-downs to the net realizable value resulted in impairment losses of EUR 7.0 million in financial year 2023/2024 (prior year: EUR 4.1 million).

Inventories are regularly subject to the customary retention of title.

22. Trade Accounts receivable

Trade accounts receivable primarily include receivables from customers.

The receivables are due in the short term, regularly less than 30 days, do not bear interest and are therefore not subject to interest rate risk. The carrying amount of the receivables corresponds to the fair value. The (theoretical) maximum default risk on the reporting date corresponds to the carrying amount.

The expected credit loss model in accordance with IFRS 9 is applied to trade receivables.

Assessment of expected credit losses

In order to estimate the expected credit losses on trade accounts receivable, a provision matrix is used.

The default risk is mainly influenced by individual characteristics of customers and the geographical location. In order to calculate expected credit losses, trade accounts receivable with comparable credit risk characteristics are classified into different portfolios based on geographical location and customer characteristics. Historical patterns of payment behavior and the ageing structure of receivables are analyzed individually for each portfolio and used as a starting point for determining the loss rate. Together with the amount at risk of default, the expected credit loss is determined for each portfolio and maturity band. The calculated loss rate per portfolio is adjusted subsequently if significant changes in the macroeconomic situation are expected. The Group considers a financial asset to be in default if it is unlikely that the debtor will be able to pay its loan obligation to the Group in full, and not if the financial asset is more than 90 days overdue.

The following table provides disclosures on the estimated credit risk and expected credit losses for trade accounts receivable as of September 30, 2024.

	Weighted average loss rate %	Trade accounts receivable EUR m	Loss allowance EUR m	Credit-impaired
Current (not past due)	0.7	22.2	0.2	No
1–30 days past due	1.1	13.1	0.1	No
31–60 days past due	5.8	2.1	0.1	No
61–90 days past due	21.1	0.4	0.1	No
More than 90 days past due	40.0	0.4	0.2	Yes
As of September 30		38.2	0.7	

The following table provides disclosures on the estimated credit risk and expected credit losses for trade accounts receivable as of September 30, 2023.

	Weighted average loss rate %	Trade accounts receivable EUR m	Loss allowance EUR m	Credit-impaired
Current (not past due)	0.9	20.2	0.2	No
1–30 days past due	1.4	13.5	0.2	No
31–60 days past due	7.4	2.2	0.2	No
61–90 days past due	23.6	0.4	0.1	No
More than 90 days past due	40.0	0.6	0.2	Yes
As of September 30		36.9	0.8	

Douglas AG does not demand securities for trade accounts receivable.

Movement in the allowance for impairment in respect of trade accounts receivable and contract assets

As a result of default risks, valuation allowances amounting to EUR 7.0 million (prior year: EUR 8.6 million) exist at the reporting date. They include valuation allowances for expected credit losses.

The development of allowances related to trade accounts receivable and contract assets is shown in the following table.

	2023/2024 EUR m	2022/2023 EUR m
As of 1 October	**8.6**	12.8
Changes in consolidation group	-0.4	-
Additions	2.6	2.4
Reversal	-1.6	-0.5
Utilization	-2.2	-6.1
As of September 30	**7.0**	8.6

23. Other financial Assets

Accounts receivable from suppliers (bonuses, advertising subsidies) include invoiced receivables, accruals for subsequent supplier compensation and creditors with debit balances.

Except for derivative financial instruments and equity participations, other financial assets are classified and measured on the basis of the business model and the cash flow criterion; they are managed within the business model "hold" and the cash flow criterion is considered fulfilled. Consequently, they are measured at amortized cost.

Derivative financial instruments are recognized at fair value through profit or loss.

Equity participations represent financial investments in unlisted equity instruments. There was no intention to sell said equity participations as of the reporting date. Depending on how the equity instruments are managed, they are measured at fair value through profit or loss.

Other financial assets overview:

	09/30/2024			09/30/2023		
	Total	With a remaining term of		Total	With a remaining term of	
	EUR m	Up to 1 year EUR m	More than 1 year EUR m	EUR m	Up to 1 year EUR m	More than 1 year EUR m
Bonuses / advertising subsidies	190.2	190.2	0.0	160.4	160.4	
Receivables from payment service providers	23.2	23.2	0.0	24.1	24.1	
Lease receivables	31.1	22.9	8.2	34.4	27.9	6.5
Equity participations	2.1			2.1		
Embedded options				31.7		31.7
Derivative financial instruments				1.4		1.4
Miscellaneous other financial receivables	5.2	4.3	0.8	4.8	4.0	0.8
Total	**251.8**	**240.6**	**9.0**	258.8	216.4	40.4

Receivables from supplier bonuses and advertising subsidies are due in the short term and do not bear interest.

As part of the refinancing and associated repayment of the two corporate bonds, the embedded options were expired and derecognized. In the reporting year, there was a net valuation expense of EUR 31.6 million (prior year: net valuation income of EUR 31.6 million), which was reported in finance result.

The investments mainly represent acquired shares in shopping centers in France, which are a requirement for operating a store in the respective shopping center.

All other financial assets are non-interest-bearing financial instruments. The carrying amounts of other financial assets are basically equivalent to their fair values.

Maturities and impairment of other financial assets

The following table contains a maturity analysis of other financial assets.

	09/30/2024 EUR m	09/30/2023 EUR m
Not due	*221.4*	*226.4*
Past due < 30 days	*23.9*	*26.6*
Past due > 30 days	*4.4*	*3.9*
Total	249.7	256.8

No cash receipts relating to receivables fully written-off in prior periods were recognized in financial year 2023/2024. The maximum default risk corresponds to the carrying value as of the reporting date.

The impairment of financial assets is presented below, broken down by the levels of the expected credit loss model.

Level 1 – Expected credit losses over the next twelve months:

	2023/2024 EUR m	2022/2023 EUR m
As of 1 October	3.4	3.4
Additions	2.6	0.1
Reversal	-0.1	-0.1
As of September 30	5.9	3.4

Level 2 – Lifetime expected credit losses:

In the financial year, as in the prior year, there were no impairments attributable to Level 2 of the expected credit loss model.

24. Other Assets

Other assets mainly include prepaid expenses and deferred prepayments as well as contractual assets from customer returns amounting to EUR 2.4 million (prior year: EUR 2.4 million)

25. Cash

The largest item of cash is bank balances (original term up to 3 months). It also includes cash in hand. The Consolidated Statement of Cash Flows provides a detailed analysis of the movement in cash. The maximum default risk corresponds to the carrying value as of the reporting date.

Douglas AG allocates cash to the business model "hold". Based on the business model and the fulfilment of the cash flow criterion, cash is measured at amortized cost. All carrying amounts correspond to the fair values.

Cash measured at amortized cost are subject to the general approach of the expected credit loss model. DOUGLAS Group invests in short-term bank sight deposits with a predominantly investment grade rating (BBB-). The investments are regularly monitored and the credit risk for these financial instruments is considered to be low. Douglas AG uses credit default swap spreads and rating information to determine the expected credit losses for cash. The calculated amount of expected credit losses is insignificant.

As of the reporting date, bank balances amounting to EUR 6.5 million were pledged and restricted as security for the issuance of bank guarantees (prior year: EUR 182.4 million pledged and EUR 7.2 million restricted).

26. Equity

CAPITAL STOCK

Following several capital increases in the subscribed capital of Douglas AG in the run-up to and as part of the IPO in financial year 2023/2024, the subscribed capital (share capital) of Douglas AG amounted to EUR 107,692,308.00 as of the reporting date (prior year: EUR 48,785.00). The share capital is divided into 107,692,308 no-par value bearer shares with equal rights and a pro rata amount of the share capital of EUR 1.00 each. The profit shares of the shareholders are determined in proportion to their shares in the share capital.

The shares of Douglas AG (ISIN: DE000BEAU7Y1, WKN: BEAU7Y, ticker symbol: DOU) are traded on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange since their initial listing on March 21, 2024. With an issue price of EUR 26.00 per share, Douglas AG placed a total of 34,192,455 shares with investors, of which 32,692,308 were new shares.

Capital stock was paid up in full.

AUTHORIZED SHARE CAPITAL

The Management Board is authorized to increase the company's share capital by up to EUR 32,307,692.00 until March 18, 2029 with the approval of the Supervisory Board by issuing up to 32,307,692 no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2024). The authorization can be used in full or in part, once or several times. Shareholders are generally entitled to subscription rights. In the case of capital increases against cash contributions, the shares may also be taken over by banks or companies within the meaning of Section 186 para. 5 sentence 1 German Stock Corporation Act (AktG) determined by the Management Board with the obligation to offer them to shareholders for subscription.

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

→ to compensate for peak amounts;

- → to increase the share capital against contributions in kind, in particular for the purpose of mergers or the acquisition of companies, equity interests in companies, parts of companies, industrial property rights (such as patents, utility models, trademarks or licenses relating thereto) or other product rights;
- → to the extent necessary to grant subscription rights to holders or creditors of option and/or conversion rights or corresponding option and/or conversion obligations from bonds issued or to be issued by the company and/or by a subordinated Group company to the extent to which they would be entitled after exercising their option and/or conversion rights or after fulfillment of the option and/or conversion obligation;
- → to issue shares to service employee participation programs to members of the Management Board, persons who are or were employed by the company or one of its affiliated companies and/or members of the management of one of the company's affiliated companies;
- → in the case of capital increases against cash contributions, if the total pro rata amount attributable to the new shares for which the subscription right is excluded does not exceed 20 percent of the share capital either at the time this authorization becomes effective or at the time this authorization is exercised and the issue price of the new shares is not significantly lower than the stock market price of the shares of the same class already listed at the time the issue price is finally determined.

The authorized share capital has not yet been utilized.

CONDITIONAL SHARE CAPITAL

The share capital is conditionally increased by up to EUR 21,538,461.00 by issuing up to 21,538,461 new no-par value bearer shares (Conditional Capital 2024). The conditional capital increase will only be carried out to the extent that the holders or creditors of convertible bonds and/or bonds with warrants and/or comparable instruments with conversion and/or option obligations or tender rights of the company, which are issued by the company or issued by a subordinated Group company and guaranteed by the company until March 18, 2029 on the basis of the authorization resolution of the Annual General Meeting on March 19, 2024, exercise their option or conversion rights from these bonds. or conversion rights under these bonds or to fulfill their obligation to exercise the option or conversion or, if the company exercises an option right, to grant no-par value shares in the company in whole or in part instead of payment of the cash amount due and insofar as no cash settlement is granted or treasury shares or shares in another listed company are used for servicing. The new shares shall be issued at the option or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares shall participate in profits from the beginning of the financial year in which they are created; to the extent permitted by law, the Management Board may determine the profit participation of new shares in deviation from this and also from Section 60 para. 2 AktG, including for a financial year that has already expired. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital contains contributions by shareholders to Douglas AG in excess of subscribed capital and totaled EUR 2,067.7 million (prior year: EUR 326.0 million) as of the reporting date, of which EUR 993.1 million is restricted in accordance with section 272 (2) No. 1 German Commercial Code (HGB) and of which EUR 1,221.0 million is not restricted in accordance with section 272 (2) No. 4 HGB.

Douglas AG's capital reserves under German commercial law (HGB) amounted to EUR 2,214.1 million as of the reporting date. The difference of EUR 146.4 million compared to the capital reserve under IFRS resulted from the different accounting treatment of the contribution of shareholder loans (EUR 200.2 million), IPO transaction costs (EUR 21.3 million) and the withdrawal from the capital reserve (minus EUR 75.2 million) to offset the net loss for the reporting year under commercial law and the loss carried forward from the prior year.

The changes in additional paid-in capital in the reporting year were due in particular to:

→ contribution of all loan receivables of direct majority shareholder, Kirk Beauty International S.A., based in Luxembourg, against Douglas AG in the amount of EUR 719.9 million (IFRS carrying amount including accrued interest) to the capital reserve of Douglas AG (contribution with debt waiver).

→ withdrawal of EUR 75.0 million from the capital reserve to increase subscribed capital (capital increase from company funds).

→ contribution to additional paid-in capital of EUR 300.0 million by Kirk Beauty International S.A.

→ net proceeds from share placements of EUR 796.0 million (including deducted transaction costs of EUR 21.3 million directly related to the issue of new shares).

OTHER RESERVES

	09/30/2024 EUR m	09/30/2023 EUR m
Retained earnings	-1,413.1	-1,575.4
Hedging reserve	-5.8	
Actuarial gains or losses	4.0	3.0
Deferred taxes recognized under other comprehensive income	0.4	0.3
Differences from currency translation	1.8	-9.1
Total	**-1,412.7**	-1,581.2

27. Pension Provisions

Pension provisions are recognized for funded and non-funded employer-financed commitments arising from pension entitlements and ongoing payments to employees and former employees as well as their surviving dependents. They are also recognized for purely employee-funded commitments from deferred compensation. The pension entitlements usually relate to payments for contractually agreed retirement pensions as a monthly amount. These commitments are accounted for in accordance with the requirements of IAS 19. Accordingly, actuarial gains/losses are recognized in other comprehensive income, while the service cost and net interest on the net defined benefit liability are recognized in the Consolidated Statement of Profit or Loss.

Valuations are based on actuarial reports using the following parameters:

	Germany %	France %	The Netherlands %	Switzerland %
09/30/2024				
Interest rate	3.70	3.35	3.30	1.10
Pension benefit increase rate	2.20	0.00	2.10	0.00

28.

	Germany %	France %	The Netherlands %	Switzerland %
09/30/2023				
Interest rate	4.00	3.60	3.90	1.90
Pension benefit increase rate	2.20	0.00	2.40	0.00

Dr. Heubeck's 2018 "Mortality Tables" or comparable country-specific mortality tables were used as a basis for the biometric parameters.

The following table shows a reconciliation of the defined benefit obligation (DBO) to the defined benefit liability (DBL).

	09/30/2024			09/30/2023		
	Unfunded obligation EUR m	Funded obligation EUR m	Total EUR m	Unfunded obligation EUR m	Funded obligation EUR m	Total EUR m
DBO	23.1	15.4	38.5	25.2	15.0	40.2
Fair value of plan assets		-13.3	-13.3		-13.2	-13.2
DBL	**23.1**	**2.1**	**25.2**	25.2	1.8	27.0

The following table shows the development of the defined benefit obligation.

	2023/2024			2022/2023		
	Unfunded obligation EUR m	Funded obligation EUR m	Total EUR m	Unfunded obligation EUR m	Funded obligation EUR m	Total EUR m
DBO at the beginning of the reporting period	25.2	15.0	40.2	26.2	16.9	43.1
Included in Profit or Loss						
Service cost	0.2	0.3	0.5	0.3	0.3	0.6
Interest expense	1.0	0.4	1.4	0.8	0.4	1.2
Past service cost	0.0	-0.1	-0.1	-0.1		-0.1
Curtailments	-0.1	0.0	-0.1	-0.1		-0.1
	1.1	0.6	1.7	0.9	0.7	1.6
Included in OCI						
Actuarial gains or losses resulting from adjustment of demographic assumptions	-0.2	0.0	-0.2	0.0	0.1	0.1
Actuarial gains or losses resulting from adjustment of financial assumptions	0.6	1.2	1.8	-1.8	-1.1	-2.9
Actuarial gains or losses resulting from experience adjustment	-2.0	-0.3	-2.3	1.5	0.0	1.5
	-1.6	0.9	-0.7	-0.3	-1.0	-1.3
Other						
Contributions paid by the employee	0.0	0.2	0.2		0.1	0.1
Benefits paid	-1.6	-1.5	-3.1	-1.6	-1.6	-3.2
Currency translation adjustments	0.0	0.2	0.2		-0.1	-0.1
DBO at the end of the reporting period	23.1	15.4	38.5	25.2	15.0	40.2

The development of plan assets is shown in the following table.

	2023/2024 EUR m	2022/2023 EUR m
Plan assets at the beginning of the reporting period	13.2	14.9
Included in Profit or Loss		
Expected return on plan assets	0.4	0.3
Included in OCI		
Return on plan assets excluding interest income	0.5	-0.8
Other		
Contributions paid by the employee	0.2	0.2
Contributions paid by the employer	0.2	0.3
Benefits paid	-1.4	-1.6
Currency translation adjustments	0.2	-0.1
Plan assets at the end of the reporting period	13.3	13.2

The fair value of plan assets at the end of the period is attributable to the following asset classes.

	2023/2024 EUR m	2022/2023 EUR m
Insurance contracts	8.7	8.3
Equity instruments	1.4	1.5
Debt instruments	1.1	1.1
Property	1.1	1.2
Alternative assets (private equity, hedge funds, infrastructure)	0.7	0.8
Cash	0.1	0.1
Other	0.2	0.2
Plan assets at the end of the reporting period	13.3	13.2

Pension payments in the amount of EUR 2.3 million and contributions to plan assets in the amount of EUR 0.2 million are expected for the following period ended September 30, 2024. An increase of 0.7 percentage points in the discount rate would reduce the present value of the defined benefit obligations by EUR 2.8 million. A decrease of 0.7 percentage points in the discount rate would increase the present value of the benefit obligations by EUR 3.3 million. An increase or a decrease of 0.5 percentage points in the expected pension trend with all other parameters remaining unchanged would increase the present value of the defined benefit obligations by EUR 1.7 million or decrease the present value of the defined benefit obligations by EUR 0.9 million, respectively. The weighted average duration of all obligations is 11.8 years as of the reporting date.

These defined benefit plans expose DOUGLAS Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

An amount of EUR 34.0 million (prior year: EUR 30.3 million) was paid for defined contribution plans in the period ended September 30, 2024.

29. Provisions

Statement of changes in provisions for the financial year 2023/2024

	Human resources commitments EUR m	Real estate commitments EUR m	Other provisions EUR m	Total EUR m
10/01/2023	**62.5**	**40.1**	**37.8**	**140.4**
Utilization	-44.5	-5.4	-8.5	-58.4
Reversal	-3.3	-2.2	-4.9	-10.4
Additions	41.8	8.1	27.6	77.5
Changes in consolidation group	0.0	0.0	-0.5	-0.5
Interest	0.1	0.6	6.8	7.5
Currency translation adjustments	0.1	0.3	0.2	0.6
09/30/2024	**56.7**	**41.5**	**58.5**	**156.7**
-- thereof non-current	*12.8*	*34.8*	*6.3*	***53.9***
-- thereof current	*43.9*	*6.7*	*52.2*	***102.8***

Of the reversal of provisions for personnel-related obligations, EUR 3.0 million resulted from unused provisions for

premiums and EUR 0.3 million from severance payments. EUR 2.6 million of the reversal of provisions in other provisions relates to legal costs.

Non-current provisions

Non-current human resources commitments primarily concern compensation for length of service as well as anniversary provisions.

Real estate commitments predominantly concern provisions for restoration obligations. The increase in price growth rates was taken into account in the forecast of the dismantling obligations to be met at the end of the respective contracts.

Other provisions mainly comprise legal costs.

Discount rates for non-current provisions are between 0.5 percent and 6.6 percent.

Current provisions:

Provisions for personnel-related obligations were mainly recognized for bonuses and severance payments.

Obligations related to real estate in particular concern ancillary rental costs as well as sales-based rents.

Other provisions were mainly recognized for litigation risks and related legal costs. These mainly concern risk precautions in connection with appraisal rights proceedings in reportable segment DACHNL.

Current provisions are expected to be utilized in the following financial year resulting in an expected cash outflow equaling the respective carrying amounts.

30. Trade accounts payable

All business transactions recognized under trade accounts payable have remaining terms of less than one year.

31. Other financial liabilities

32.

	09/30/2024				09/30/2023			
		Remaining terms				Remaining terms		
	Total EUR m	< 1 year EUR m	1 to 5 years EUR m	> 5years EUR m	Total EUR m	< 1 year EUR m	1 to 5 years EUR m	> 5years EUR m
Liabilities to bank	1,278.4	38.4	1,240.0	0.0	682.5	16.8	665.7	0.0
-- thereof Senior Secured Term Loan Facility	0.0	0.0	0.0	0.0	*683.8*	*16.1*	*667.7*	*0.0*
-- thereof Term Loan Facility (Facility B)	*815.9*	*24.7*	*791.2*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
-- thereof Bridge Loan Facility (Facility A)	*461.0*	*12.8*	*448.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
-- thereof Revolving Credit Facility (RCF)	*0.6*	*0.6*	*0.0*	*0.0*	*-2.4*	*0.4*	*-2.8*	*0.0*
-- thereof miscellaneous other bank liabilities	*0.9*	*0.2*	*0.7*	*0.0*	*1.1*	*0.2*	*0.8*	*0.0*
Senior Secured Notes	0.0	0.0	0.0	0.0	1,332.7	35.9	1,296.8	0.0
Senior PIK Notes	0.0	0.0	0.0	0.0	590.4	21.5	569.0	0.0
Lease liabilities	1,125.8	257.7	611.8	256.2	1,100.0	224.7	618.9	256.4
-- thereof lease liabilities within the meaning of IFRS 16	*1,107.3*	*239.2*	*611.8*	*256.2*	*1,080.3*	*205.8*	*618.9*	*255.6*
-- thereof miscellaneous other financial liabilities related to leases	*18.5*	*18.5*	*0.0*	*0.0*	*19.7*	*18.8*	*0.0*	*0.8*
Liabilities to shareholder	0.0	0.0	0.0	0.0	704.6	0.0	651.2	53.5
Financial liabilities from options held by non-controlling interests	0.2	0.2	0.0	0.0	0.2	0.2	0.0	0.0
Derivative financial instruments	5.7	0.0	5.7	0.0	0.0	0.0	0.0	0.0
Refund liabilities from customer returns	5.1	5.1	0.0	0.0	4.8	4.8	0.0	0.0
Miscellaneous other financial liabilities	3.8	3.7	0.0	0.0	0.6	0.6	0.0	0.1
Total other financial liabilities	**2,419.0**	**305.1**	**1,857.6**	**256.2**	4,415.8	304.4	3,801.5	310.0

In March 2024, Douglas AG concluded a financing agreement with a banking consortium to refinance the Group after the IPO in the total amount of EUR 1.6 billion. The agreement comprises a long-term syndicated loan (Facility B) in the amount of EUR 800.0 million, a bridge loan (Facility A) in the amount of EUR 450.0 million and a revolving credit facility (RCF) in the amount of EUR 350.0 million. The new financing agreement came into force with the drawing on April 15, 2024. The RCF was not drawn in terms of liquidity as of the reporting date, although it was utilized through collateral in the form of rental guarantees in the amount of EUR 10.5 million. The carrying amount of the RCF in the amount of EUR 0.6 million results from the accrual of commitment fees.

In March 2024, the previous syndicated loan (Senior Secured Term Loan Facility) and in April 2024 the two previous corporate bonds (the Senior Secured Notes and the Senior PIK Notes) were repaid using the proceeds generated from the IPO and the refinancing, and the previous Senior Secured Multi-Currency Revolving Credit Facility was terminated. The redemption of the corporate bonds led to prepayment penalties of EUR 31.3 million. With the redemption of the corporate bonds, the embedded options in the form of repurchase rights expired and were derecognized, which led to a loss on disposal of EUR 31.7million in the finance result with no effect on cash.

The direct majority shareholder, Kirk Beauty International S.A., based in Luxembourg, contributed all loan receivables from Douglas AG in the amount of EUR 719.9 million (IFRS carrying amount including accrued interest) to the capital reserves of Douglas AG (contribution with debt waiver).

Further disclosures on liabilities to banks, derivative financial instruments and refund liabilities from customer returns can be found in Note "Financial instruments".

LIABILITIES TO NON-CONTROLLING INTERESTS

In the case of a partnership domiciled in Germany, the shareholders have an ordinary statutory right of termination. This termination right of the shareholder is a bearer termination right within the meaning of IAS 32.18(b), which means that contributions from minority shareholders (non-controlling interests) in German partnerships must always be classified as a liability in IFRS consolidated financial statements. This results in a total liability of EUR 0.2 million (prior year: EUR 0.2 million) as of the reporting date.

33. Other liabilities

	09/30/2024				09/30/2023			
		Remaining terms				Remaining terms		
	Total EUR m	< 1 year EUR m	1 to 5 years EUR m	> 5years EUR m	Total EUR m	< 1 year EUR m	1 to 5 years EUR m	> 5years EUR m
Contract Liabilities from gift cards not yet redeemed	166.4	166.4	0.0	0.0	161.6	161.6	0.0	0.0
Contract liabilities from customer loyalty programs	43.9	43.9	0.0	0.0	46.8	46.8	0.0	0.0
Total contract liabilities	**210.3**	**210.3**	**0.0**	**0.0**	208.5	208.5	0.0	0.0
Personnel liabilities	59.7	59.7	0.0	0.0	67.2	67.2	0.0	0.0
Supplier bonus accruals	3.1	3.1	0.0	0.0	3.0	3.0	0.0	0.0
Accrued rental payments	0.6	0.6	0.0	0.0	0.8	0.8	0.0	0.0
Miscellaneous	17.7	17.0	0.7	0.0	16.5	12.4	4.1	0.0
Total miscellaneous other liabilities	**81.1**	**80.4**	**0.7**	**0.0**	87.6	83.5	4.1	0.0
Total other liabilities	**291.4**	**290.7**	**0.7**	**0.0**	296.1	292.0	4.1	0.0

The reported contract liabilities represent deferred revenue. In the reporting year contract liabilities for gift vouchers no longer expected to be redeemed amounting to EUR 6.3 million (prior year: EUR 0.0 million) were reversed in reportable segment DACHNL. For the presentation of revenue recognition, see Note “Accounting and Valuation Principles”.

The item "Miscellaneous" mainly includes deferred payments of which in particular DOUGLAS Card commissions amount to EUR 4.2 million (prior year: EUR 4.5 million).

34. 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[22] and are also categorized into a three-stage fair value hierarchy, which structures the data used for the fair value calculation according to its market relevance.

[22] Abbreviations used for categories of financial instruments in accordance with IFRS 9:
AC – measured at cost;
FVtPL – measured at fair value through profit and loss

Financial instruments categorized in accordance with IFRS 9 as of September 30, 2024:

	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	38.2	AC	38.2				
Cash	98.9	AC	98.9				
Other financial assets	251.8						
-- thereof Equity participations	*2.1*	*FVtPL*		*2.1*		*2.1*	*3*
Total financial assets	**388.9**						
Financial liabilities							
Trade accounts payable	657.2	AC	657.2				
Other financial liabilities	1,311.7						
-- thereof Liabilities to bank	*1,278.4*	*AC*	*1,278.4*			*1,289.1*	*3*
-- thereof Liabilities from non-controlling options	*0.2*	*AC*	*0.2*			*0.2*	*3*
-- thereof Derivative financial instruments	*5.7*	*FVtPL*	*5.7*			*5.7*	*2*
-- thereof Refund liabilities from customer returns	*5.1*	*AC*	*5.1*			*5.1*	
Total financial liabilities within the meaning of IFRS 9	**1,968.9**						
Lease liabilities within the meaning of IFRS 16	1,107.3						
Total financial liabilities	**3,076.2**						

The fair values of trade receivables and refund liabilities from customer returns corresponded to their carrying amounts due to their short terms.

Equity participations are measured at fair value. As of the reporting date, no sale of equity participations is intended.

The liabilities to banks reflect the syndicated loan (long-term syndicated loan (Facility B) in the amount of EUR 800.0 million and bridge loan (Facility A) in the amount of EUR 450.0 million) after refinancing (.please refer to Note “Other financial Liabilities” and Note “Management of financial Risks”)

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 (Facility B, RCF and Facility A), 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 credit interest assessment. Due to the short term to date, the predefined ratio of leverage to credit margin is still appropriate. The fair value therefore corresponds to the nominal value plus accrued interest.

For information on financial liabilities from options held by non-controlling interests, see Note “Other financial Liabilities” in sub-chapter “Liabilities to non-controlling interests”.

The 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.

In the case of contracts that allow the customer to return an item, corresponding refund liabilities from customer returns were recognized on the basis of historical data.

The hedging instruments reported under derivative financial instruments relate to interest rate swap agreements that are designated as cash flow hedges to hedge the volatility of interest cash flows. As of the reporting date, there were interest rate swap agreements with a nominal value of EUR 800.0 million (corresponding to the nominal value of the term loan facility (Facility B)) in place, under which DOUGLAS receives a variable interest rate in the amount of the 3-month EURIBOR and pays a fixed interest rate (receiver swap). The swap is used to hedge the risk of fluctuating cash flows attributable to the interest rate risk of the loan (Facility B, underlying transaction). There is an economic relationship between the hedged item and the hedging instrument, as the terms of the interest rate swaps match the terms of the loan (in particular the nominal amount, term and payment dates). A hedging ratio of 1:1 was defined for the hedging relationships, as the risk underlying the interest rate swap is identical to the hedged risk component. The hypothetical derivative method was used to test the effectiveness of the hedge by comparing the changes in fair value of the hedging instrument with the changes in fair value of the hedged item that are attributable to the hedged risk.

As of the reporting date, the amounts relating to items designated as hedged items were as follows:

	09/30/2024 EUR m
Changes in value for the calculation of hedge ineffectiveness	
Change in value of interest rate swaps	-5.8
Change in value of the hypothetical derivative	-5.9
Reserve for cash flow hedges, after taxes	-5.2

The amounts relating to items designated as hedging instruments and the ineffectiveness of the hedging relationships are as follows:

	2023/2024 EUR m
Nominal amount	800.0
Carrying amounts	
Assets	0.0
Liabilities	-5.7
Items in the statement of financial position in which the hedging instrument is included	Other financial liabilities
Changes in the value of the hedging instrument recognized in other comprehensive income	-5.8
Hedge ineffectiveness recognized in profit or loss	0.1
Items in profit or loss that include hedge ineffectiveness	Finance result

The following table contains a reconciliation of the risk categories of the equity components and the analysis of items in other comprehensive income after tax resulting from cash flow hedge accounting.

	2023/2024 EUR m
Beginning of the reporting period	0.0
Changes in fair value	-5.8
Taxes on changes in reserves during the financial year	0.6
End of the reporting period	-5.2

Financial instruments categorized in accordance with IFRS 9 as of September 30, 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	558.0						
-- thereof embedded derivatives	*31.7*	*FVtPL*		*31.7*		*31.7*	*2*
-- thereof Derivative financial instruments	*1.4*			*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	2
-- thereof Liabilities from non-controlling options	0.2	AC	0.2			0.2	3
-- thereof Refund 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						

The interest rate hedging agreements concluded to manage the interest rate risk of the previous Senior Secured Term Loan Facility with a nominal volume of EUR 675.0 million, which were measured at fair value through profit or loss as a freestanding derivative and recognized in finance result, were terminated in financial year 2023/2024. The freestanding derivative was derecognized accordingly.

The fair value of liabilities to banks was generally derived from the contractually permissible expected cash flows, which were discounted on a credit risk-adjusted basis. When calculating the fair value of the previous syndicated loan (repaid in March 2024), there was a contract-specific peculiarity. In addition to the variable EURIBOR prime rate, regular adjustments were also made to the credit margin within a contractually agreed framework. The credit margin was reassessed on a quarterly basis depending on the development of certain key company figures in accordance with the terms of the loan agreement. The adjustments were based on key figures that the consortium would also take into account when assessing the credit risk. As a result, the interest rate expectations as at the reporting date largely corresponded to the assessment of a fair lending rate.

Further Disclosures

35. Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows shows how the Group's cash has changed in the course of the financial year as a result of cash inflows and outflows. The Consolidated Statement of Cash Flows distinguishes between changes in cash resulting from operating activities, investing activities and financing activities.

At the end of the reporting period, **cash** amounted to EUR 98.9 million (prior year: EUR 262.3 million) and solely consisted of cash as reported in the Statement of Financial Position.

Cash inflow from **operating activities** totaled EUR 683.6 million (prior year: EUR 584.7 million) in financial year 2022/2023. Changes in Net Working Capital (without liabilities from investments in non-current assets) of minus EUR 23.4 million (prior year: EUR 87.8 million) and changes in other assets and liabilities not classifiable to investing or financing activities in the amount of EUR 7.1 million (prior year: EUR 15.5 million) show the change in the corresponding positions, adjusted for amounts attributable to investing or financing activities. Further disclosures on Net Working Capital can be found in Note “Segment Reporting”.

The cash outflow from **investing activities** amounted to EUR 159.6 million in the reporting year (prior year: EUR 104.1 million).

Cash outflow from **financing activities** amounted to EUR 689.3 million (prior year: EUR 465.6 million) in financial year 2023/2024. In the course of the IPO of Douglas AG, DOUGLAS Group recorded proceeds from equity contributions of EUR 1,150.8 million (prior year: EUR 0.0 million) in the reporting year. As part of the refinancing, payments for the repayment of financial loans and bonds in the amount of EUR 2,547.7 million (prior year: EUR 24.5 million) resulted from the repayment of the previous financing in financial year 2023/2024 on the one hand and payments received from financing loans in the amount of EUR 1,250 million (prior year: EUR 0.0 million) on the other. The transaction costs related to equity and debt capital measures paid in connection with IPO and refinancing amounted to EUR 39.4 million in the reporting year (prior year: EUR 0.0 million).

The following tables show a reconciliation of cash flows from financing liabilities to the changes in financial liabilities reported in the Consolidated Statement of Financial Position for the reporting year.

	Liabilities to bank EUR m	Senior Secured Notes and Senior PIK Notes EUR m	Liabilities to shareholder EUR m	Derivative financial instruments EUR m	Lease liabilities EUR m	Financial liabilities from options held by non-controlling interests EUR m	Other financial liabilities EUR m	Total financial liabilities EUR m
Net carrying amount at the beginning of the reporting period	**682.5**	**1,923.1**	**704.6**	**0.0**	**1,100.0**	**0.2**	**5.4**	**4,415.8**
Changes in consolidation group					-1.7			**-1.7**
Interest expense	84.7	105.7	15.2		57.0			**262.6**
Currency translation adjustments					5.7			**5.7**
Additions to lease liabilities					281.0			**281.0**
Modifications of lease liabilities					-16.8			**-16.8**
Contribution to the capital reserve			-719.8					**-719.8**
Other changes	3.5			5.7	-1.1		2.9	**11.0**
Changes not effecting cash flow from financing activities	**88.2**	**105.7**	**-704.6**	**5.7**	**324.1**	**0.0**	**2.9**	**-178.0**
Payments for the redemption of financial loans and bonds	-675.2	-1,872.4					-0.1	**-2,547.7**
Payments for the redemption of lease liabilities					-241.3			**-241.3**
Proceeds from the issuance of financial loans	1,250.0							**1,250.0**
Transaction costs paid related to debt capital measures	-18.1							**-18.1**
Interest paid	-51.9	-156.4			-57.0		-3.3	**-268.6**
Interest received	2.9						4.0	**6.9**
Effects on cash flow from financing activities	**507.7**	**-2,028.8**	**0.0**	**0.0**	**-298.3**	**0.0**	**0.6**	**-1,818.8**
Net carrying amount at the end of the reporting period	**1,278.4**	**0.0**	**0.0**	**5.7**	**1,125.8**	**0.2**	**8.9**	**2,419.0**

The following tables show a reconciliation of cash flows from financing liabilities to the changes in financial liabilities reported in the Consolidated Statement of Financial Position for the prior year.

	Liabilities to bank EUR m	Senior Secured Notes and Senior PIK Notes	Liabilities to shareholder EUR m	Derivative financial instruments EUR m	Lease liabilities EUR m	Financial liabilities from options held by non-controlling interests EUR m	Financial liabilities from contingent consideratio ns EUR m	Financial purchase price liabilities EUR m	Other financial liabilities EUR m	Total financial liabilities EUR m
Net carrying amount at the beginning of the reporting period	670.1	1,872.7	645.1	0.0	1,155.1	5.4	4.4	10.9	6.0	4,369.6
Interest expense	66.3	128.8	59.5		54.2	3.7				312.5
Currency translation adjustments					4.7					4.7
Additions to lease liabilities					234.7					234.7
Modifications of lease liabilities					-40.4					-40.4
Other changes									0.3	0.3
Changes not effecting cash flow from financing activities	66.3	128.8	59.5	0.0	253.2	3.7	0.0	0.0	0.3	511.8
Payments for the redemption of financial loans and bonds						-8.5	-4.4	-10.9	-0.7	-24.5
Interest paid	-53.9	-78.3			-54.2	-0.4			-1.3	-188.1
Interest received									1.1	1.1
Effects on cash flow from financing activities	-53.9	-78.3	0.0	0.0	-308.3	-8.9	-4.4	-10.9	-0.9	-465.6
Net carrying amount at the end of the reporting period	682.5	1,923.1	704.6	0.0	1,100.0	0.2	0.0	0.0	5.4	4,415.8

36. Segment Reporting

During financial year 2023/2024, the internal control and management reporting was changed to the effect that adjustments to sales were no longer reported. In addition, “Average Net Working Capital as a Percentage of Sales” was added in the reporting year as a further key financial performance indicator, according to which DOUGLAS Group manages its business. Comparative information was adjusted accordingly.

CHIEF OPERATING DECISION MAKER

The reportable segments are determined on the basis of the Group's organizational and decision-making structure and the content of internal reporting to the chief operating decision maker ("CODM"). The Management Board of Douglas AG is the CODM within the meaning of IFRS 8. It manages the Group, is responsible at the highest level for the allocation of resources to the operating segments and assesses and monitors their profitability. Internal organization and reporting is primarily based on geographical aspects, with the exception of segment "Parfumdreams/Niche Beauty", which differs from the other segments in terms of its distribution channel. The segment managers are responsible for the operating business and report to the CODM. Consequently, management and monitoring by the CODM also takes place at this level.

OPERATING AND REPORTABLE SEGMENTS

Based on the internal reporting structure, the Group has defined the following operating segments in accordance with IFRS 8. Segmentation is generally based on a regional approach, with business activities under the other brands “Parfumdreams/Niche Beauty” (mainly E Com business) being separated.

→ DACH (Germany, Austria and Switzerland)

→ BENE (Netherlands, 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

The reportable segments are comprised as follows:

→ DACHNL (consisting of DACH and BENE)▪

→ France

→ Southern Europe

→ Central Eastern Europe

→ Parfumdreams/Niche Beauty

The operating segments DACH and BENE are combined into the reportable segment DACHNL as they have similar economic characteristics, which are determined on the basis of the segments' gross profit margins and Adjusted EBITDA margins, as well as their similar product portfolios, which are offered via similar sales channels that rely on a common central sales infrastructure. As part of DACHNL, the BENE operating segment comprises the activities in the Netherlands as well as the Belgian activities. BENE is managed by the segment manager responsible for the Netherlands.

Although operating segment "Parfumdreams/Niche Beauty" does not meet the size criteria of IFRS 8, the Group has decided that, due to nature and relevance of its online business to the Group, it should be treated as separate reportable segment, which distinguishes it from the Group's other business units.

The reportable segments generate their revenue from the sale of beauty products from the five product categories of perfume, decorative cosmetics, skin care, hair care and accessories.

The residual category “Reconciliation to DOUGLAS Group” mainly comprises Disapo's sales (for the period from October 1, 2023 to July 31, 2024, as Disapo was deconsolidated as of August 1, 2024) as well as several other sales components, which are described in detail below in the reconciliation of sales of the reportable segments to sales according to the Consolidated Statement of Profit or Loss. Reconciliation to the Group also includes expenses, i.e., cost of raw materials, consumables and supplies and merchandise, personnel expenses and other operating income and expenses that are relevant for the calculation of (Adjusted) EBITDA. For further details, please refer to the respective reconciliation statement below.

Corporate overheads (corporate headquarters costs) are not allocated to the reportable segments. These costs are incurred in central departments at the level of the Group headquarters in Germany, which are responsible for functions that comprise significant parts of the value chain. In addition to higher-level management and administrative functions, these include central purchasing and marketing departments, Corporate Brands business and international E-Com. International E-Com is responsible for the strategic orientation and development of the E-Com markets and digital platforms as part of the "Let it Bloom" strategy. The gross profit of the Corporate Brands business is allocated to the reportable segments, while the inventory and product risks essentially remain in the Corporate Headquarter.

SEGMENT KEY PERFORMANCE INDICATORS

The most important financial key performance indicators used by the CODM to evaluate the segments and manage resource allocation are growth (measured by sales), profitability (measured by adjusted EBITDA) and, as an indicator of short-term liquidity management and the profitability of Net Working Capital (NWC), "Average Net Working Capital as a Percentage of Sales". In addition, other financial indicators are used for management purposes, in particular EBITDA, free cash flow, gross profit, gross profit margin and information on investments in non-current assets consisting of intangible assets and property, plant and equipment.

Sales correspond to sales with external third parties as well as internal sales. Internal sales represent sales between the individual segments. The allocation of sales to the reportable segments is based on the domicile of the selling company. Transfers between the segments are generally conducted at the same prices that would apply to transactions with third parties (arm's length principle). Internal license costs and similar costs that are passed on by the Group functions and operating segment DACH to the reportable segments Southern Europe and Central Eastern Europe are not included in the presentation of segment EBITDA and adjusted segment EBITDA in accordance with the internal management logic. This means that the regional segments do not bear any brand and IT license costs but benefit from central brand management and IT equipment.

Adjusted EBITDA used for management purposes is derived from EBITDA reported in the Consolidated Statement of Profit and Loss and adjusted for those items which, in the opinion and judgment of the management of Douglas AG, are non-recurring, exceptional or inappropriate for management purposes.

Net Working Capital of the Group is defined as the sum of (i) inventories, (ii) trade accounts receivable and receivables from payment service providers, (iii) trade accounts payable and (iv) receivables and liabilities in connection with supplier receivables for discounts/bonuses and marketing subsidies, voucher liabilities as well as other operating receivables and liabilities.

"Average Net Working Capital as a Percentage of Sales" is calculated as the arithmetic mean of the Net Working Capital of the last thirteen monthly reporting dates, whereby the NWC of the first and last monthly reporting date are added together and weighted equally, divided by the sales of the last twelve months of a reporting period.

RECONCILIATION TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Reconciliation of the segment performance indicator Adjusted sales (net)

The following table shows the reconciliation of Sales (net) of the Group's reportable segments to Sales (net) according to the Consolidated Statement of Profit or Loss:

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Sales of the reportable segments	4,419.4	4,039.0
Sales included in reconciliation to Group	31.8	56.1
Consolidation effects	-0.2	-1.1
Sales	**4,451.0**	4,093.9

The “Reconciliation to DOUGLAS Group” in financial year 2023/2024 included sales from operating segment Disapo (deconsolidated since August 1, 2024) in the amount of EUR 31.4 million (prior year: EUR 55.7 million).

Reconciliation of segment key performance indicator Adjusted EBITDA

→ The table below shows the reconciliation of Adjusted EBITDA for the Group's reportable segments to EBITDA according to the 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.

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Adjusted EBITDA of the Reportable Segments	957.1	864.2
Adjusted EBITDA of the reconciliation to the DOUGLAS Group	-148.6	-136.4
Consolidation effects	0.1	-1.9
Adjusted EBITDA	808.6	725.9
Purchase Price Allocations (PPA)	-0.3	-2.2
Restructuring costs (staff-related) and severance payments	2.6	3.5
Consulting fees	10.7	9.5
Other adjustments	33.0	14.5
Store Optimization Program (SOP)	-2.3	-1.5
Initial Public Offering (IPO)	34.6	19.1
Adjustments to EBITDA	78.3	42.9
EBITDA	730.3	683.0

Adjusted EBITDA, which is allocated to the “Reconciliation to DOUGLAS Group” category, amounted to minus EUR 148.6 million in financial year 2023/2024 (prior year: minus EUR 136.4 million). Of this amount, minus EUR 145.1 million (prior year: minus EUR 129.0 million) was attributable to the Central Division, which provides the core functions of the Group at the level of the Group headquarters in Germany, including central purchasing, marketing, the corporate brands business and the Group's international E-Com functions, as this division does not generate any sales and is largely not operated as a profit center.

The respective categories of adjustments 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 stores, 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.

In the reporting year, these mainly comprised restructuring costs in reportable segments France and DACHNL.

→ Consulting expenses:

This item generally comprises expenses for consulting services in connection with strategic projects and initiatives as well as major acquisitions and (re-)financing. In the financial year, the adjusted consulting expenses related in particular to the implementation of the Group strategy “Let It Bloom” as well as to a large number of various strategic projects.

→ Other adjustments:

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 financial year 2022/2024, these adjustments related in particular to risk provisions for legal disputes in connection with a squeeze-out of former minority shareholders in the amount of EUR 15.5 million (prior year: EUR 0.0 million), start-up costs in connection with our strategic logistics project OWAC in the amount of EUR 6.7 million (prior year: EUR 15.4 million) and the Disapo disposal loss in the amount of EUR 5.5 million (prior year: EUR 0.0 million).

→ Store Optimization Program (SOP):

Subsequent expenses and income in connection with previous store network optimization programs. In the reporting period, the adjustments made related to income from the reversal of previously written-down inventories as part of SOPs.

→ Initial Public Offering (IPO):

Expenses in connection with the IPO of Douglas AG in March 2024 including associated management incentive programs (management participation programs MEP I and MEP II terminated by the IPO as a defined exit event). In financial year 2023/2024, adjustments for MEP I and MEP II amounted to EUR 14.2 million (prior year: EUR 15.9 million).

OTHER DISCLOSURES ON SEGMENT REPORTING – SALES

The following tables contain a breakdown of sales by sales channel.

		DACHNL		France	
		10/01/2023-09/30/2024	10/01/2022-09/30/2023	10/01/2023-09/30/2024	10/01/2022-09/30/2023
Store Sales	EUR m	1,237.8	1,144.0	664.2	643.8
E-Com Sales	EUR m	835.3	727.8	174.0	169.8
Total	**EUR m**	**2,073.1**	**1,871.9**	**838.2**	**813.5**

		Southern Europe		Central Eastern Europe	
		10/01/2023-09/30/2024	10/01/2022-09/30/2023	10/01/2023-09/30/2024	10/01/2022-09/30/2023
Store Sales	EUR m	576.8	535.2	507.8	436.1
E-Com Sales	EUR m	89.0	90.4	144.3	120.0
Total	**EUR m**	**665.8**	625.6	**652.1**	556.1

		Parfumdreams/Niche Beauty		Total Reportable Segments	
		10/01/2023-09/30/2024	10/01/2022-09/30/2023	10/01/2023-09/30/2024	10/01/2022-09/30/2023
Store Sales	EUR m	12.7	12.8	2,999.3	2,771.9
E-Com Sales	EUR m	177.5	158.8	1,420.1	1,266.7
Total	**EUR m**	**190.2**	171.6	**4,419.4**	4,038.7

		Reconciliation to DOUGLAS Group		DOUGLAS Group	
		10/01/2023-09/30/2024	10/01/2022-09/30/2023	10/01/2023-09/30/2024	10/01/2022-09/30/2023
Store Sales	EUR m	0.2	-0.5	2,999.5	2,771.4
E-Com Sales	EUR m	31.4	55.7	1,451.4	1,322.4
Total	**EUR m**	**31.6**	55.2	**4,451.0**	4,093.9

The following table shows sales attributable to the country in which the Group is headquartered (Germany) and to foreign countries.

	09/30/2024 EUR m	09/30/2023 EUR m
Germany	1,703.4	1,550.9
Other countries	2,747.5	2,543.0
DOUGLAS Group	**4,451.0**	4,093.9

Due to its business model, DOUGLAS Group is not dependent on certain major customers.

OTHER DISCLOSURES ON SEGMENT REPORTING - ASSETS

In the monthly reporting to the Chief Operating Decision Maker, only the inventories of the individual segments are reported as segment assets. The inventories shown in the segment reporting include purchased goods, raw materials and supplies as well as advance payments on inventories.

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

The following table provides an overview of the Group's non-current assets (see definition below), which are allocated to the country in which the Group is headquartered (Germany) and other key countries.

Non-current assets:

	09/30/2024 EUR m	09/30/2023 EUR m
Germany	1,416.5	1,434.6
France	884.7	834.7
Other foreign countries	868.6	809.5
DOUGLAS Group	3,169.9	3,078.8

The non-current assets presented across all segments comprise intangible assets, property, plant and equipment and right-of-use assets from leases located in Germany and abroad. Non-current financial assets and deferred tax assets were excluded. Segment liabilities are not regularly reported to the Chief Operating Decision Maker.

37. Management of financial Risks

The financial management of Douglas AG is responsible for the Group's financing and supports decision-makers of German and foreign Group companies in respect of all financial issues. The financial risks relevant to the Group, such as liquidity risks, the risk of interest rate changes, default risks and risks from cash flow fluctuations, are adequately controlled and monitored by the financial management of Douglas AG.

LIQUIDITY RISK

The Group generally has access to various sources for the funding of business operations, investments and potential acquisitions. This includes existing cash, net cash flow from operating activities and bank loans as well as Senior Notes.

All German subsidiaries and the significant subsidiaries based abroad are linked to a cash management system (cash pooling). By combining financing volumes, short-term liquidity surpluses of individual Group companies can be used to finance the cash requirements of other Group companies. This leads to a reduction of the debt financing volume and an optimization of cash investments, thus having a positive impact on the Group's net interest result.

In order to monitor liquidity risk, comprehensive liquidity planning has been set up within the DOUGLAS Group using a harmonized Group-wide procedure. This direct liquidity and cash flow planning includes weekly, rolling bottom-up planning over at least 13 weeks.

As of the reporting date, the main sources and conditions of financing are shown in the following table.

	Financing volumes EUR m	Interest rate conditions	Maturity Date
Term Loan Facility (Facility B) - new financing	800	3-6M EURIBOR + Margin	03/08/2029
Bridge Term Loan Facility (Facility A) - new financing	450	3-6M EURIBOR + Margin	03/08/2026
Revolving Credit Facility (RCF) - new financing	350	1-6M EURIBOR + Margin	03/08/2029
Total	1,600.0		

The RCF was not utilized in terms of liquidity as of the reporting date. However, it was utilized in the form of collateral in the form of rental guarantees in the amount of EUR 10.5 million.

The maturity of the Bridge Term Loan Facility (Facility A) takes the two extension options into account.

With the drawing of the new syndicated loan agreement (Term and Revolving Facilities Agreement) on April 15, 2024 (consisting of Facility B, Facility A and RCF), a financial covenant is relevant for the DOUGLAS Group. Accordingly, the ratio of the adjusted EBITDA before applying certain IFRS 16 regulations (covenant-adjusted EBITDA) specified in the syndicated loan agreement to total net debt (covenant net debt), also specified in the syndicated loan agreement, may not exceed 3.75 times at certain test dates up to and including September 30, 2025 and 3.5 times thereafter. The respective test period comprises three months (quarter) and ends on the respective test date (end of quarter). This financial covenant has been complied with since the new syndicated loan agreement was concluded. As of the reporting date, the financial covenant was significantly below 3.75 times and DOUGLAS Group therefore had sufficient headroom.

Besides, 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 so-called Compliance Certificate. The qualitative covenants were met since the entry into force of the new syndicated loan agreement.

If the above covenants are not met, the lenders are entitled to terminate the loan agreements.

The interest payable for the financing components, Facility B, Facility A and RCF, is made up of two interest components. The first interest component reflects the EURIBOR, which in turn depends on the interest period selected by the DOUGLAS Group (one, three or six-month EURIBOR) (term interest rate). For Facility B and the RCF, the second interest component (margin) depends on the DOUGLAS Group's total net debt ratio (leverage). This ratio is calculated on a quarterly basis and confirmed to the lenders in the Compliance Certificate. The margin for Facility A increases over time.

Financing liabilities of the DOUGLAS Group as of September 30, 2024:

	09/30/2024 Carrying amount EUR m	09/30/2023 Carrying amount EUR m
Term Loan Facility (Facility B) - new financing	815.9	0.0
Senior Secured Term Loan Facility	0.0	683.8
Bridge Term Loan Facility (Facility A) - new financing	461.0	0.0
Revolving Credit Facility (RCF)	0.6	-2.4
Other borrowings	0.9	1.1
Senior Secured Notes	0.0	1,332.7
Senior PIK Notes	0.0	590.4
Finance liabilities (total from notes and bank liabilities)	0.0	1,923.1

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

In addition, individual Group companies have access to bilateral overdraft facilities, of which EUR 0.1 million (prior year: EUR 0.0 million) had been utilized as of the reporting date. Government loans from national aid programs totaling EUR 0.9 million (prior year: EUR 1.1 million) were also utilized as of the reporting date.

Maturity analysis of contractual obligations as of September 30, 2024:

	Carrying amount	Payments due within the next 30 days		Payments due within 30 to 90 days		Payments due within 90 to 360 days		Payments due over a period of 1 to 5 years		Payments due after more than 5 years	
	EUR m	EUR m		EUR m		EUR m		EUR m		EUR m	
	09/30/2024	Redemption	Interest portion	Redemption	Interest portion	Redemption	Interest portion	Redemption	Interest portion	Redemption	Interest portion
Liabilities to bank	1,278.4		40.9			0.2	48.8	1,250.7	170.8		
Trade accounts payable	657.2	362.5		264.9		29.5		0.2			
Financial liabilities from options held by non-controlling interests	0.2					0.2					
Other financial instruments	8.9	8.8				1.0					

All financial liabilities existing as of the reporting date and for which payments were already contractually agreed are included in the table. Payments for future liabilities which did not exist as of the reporting date are not included. Floating interest rate payments were determined on the basis of the interest rates known as of the reporting date. Financial liabilities cancellable at all times are always classified to the earliest time slot. Amounts denominated in foreign currencies are translated to euros using the closing rate.

Maturity analysis of contractual obligations as of September 30, 2023:

	Carrying amount	Payments due within the next 30 days		Payments due within 30 to 90 days		Payments due within 90 to 360 days		Payments due over a period of 1 to 5 years		Payments due after more than 5 years	
	EUR m	EUR m		EUR m		EUR m		EUR m		EUR m	
	09/30/2023	Redemption	Interest portion	Redemption	Interest portion	Redemption	Interest portion	Redemption	Interest portion	Redemption	Interest portion
Senior Secured Notes	1,332.7		39.2				39.2	1,305.0	155.1		
Senior PIK Notes	590.4		23.4			23.4		567.4	115.2		
Liabilities to bank	682.5				15.8	0.2	47.2	675.8	95.5		
Liabilities to shareholders	704.6							824.6	88.7	71.5	
Trade accounts payable	617.6	308.6		279.3		28.4		1.3			
Financial liabilities from options held by non-controlling interests	0.2					0.2					
Other financial instruments	5.4	4.8				0.6					

INTEREST RATE RISK

Interest rate risks are the result of fluctuations in interest rates on the capital markets.

The syndicated loan agreement is based on the EURIBOR and therefore subject to the risk of changes in interest rates. In addition, it contains an interest rate floor effective at 0.0 percent.

To manage the interest rate risk of the term loan facility (Facility B), Douglas AG has concluded interest rate swaps (cash flow hedges) with a nominal volume of EUR 800 million and a term until March 8, 2029. At contractually agreed

intervals, the difference between fixed and variable interest rates is calculated and settled on the basis of the agreed nominal amount. The risk of a rising EURIBOR is limited to 2.3 percent.

A sensitivity analysis was conducted to quantify the interest rate risk. This was based on the syndicated loan agreement (Term and Revolving Facilities Agreement), whose interest rate is based on EURIBOR, taking into account the interest rate swaps concluded.

Bridge Term Loan (Facility A):

A relative increase (decrease) in the interest rate by 100 basis points as of the reporting date would have led to a higher (lower) nominal financing expense of EUR 4.5 million on a 12-month basis.

Term Loan (Facility B) and consideration of interest rate swaps:

An increase (decrease) in the interest rate by 100 basis points as of the reporting date would have resulted in a positive fair value (negative fair value) of the interest rate swaps of EUR 23.1 million (EUR 36.2 million). As a result, other comprehensive income would have increased by EUR 28.9 million (decreased by EUR 30.0 million). In addition, the reduction in the interest rate by 100 basis points would have led to a financing expense of EUR 0.4 million.

CURRENCY RISK

The operating Group companies predominantly conduct their activities in their respective functional currencies.

The Group's foreign currency risk is classified as low, as approximately 87.0 percent of sales were generated in euros in financial year 2023/2024 and goods were purchased almost exclusively in euros. Translation differences arising in the context of preparing Consolidated Financial Statements in the Group's presentation currency do not impact currency risk.

Finance income from exchange differences totaled EUR 16.5 million in the reporting year, and the corresponding expenses amounted to EUR 9.2 million. See also Note “Finance Result”.

In accordance with the provisions of IFRS 7, a sensitivity analysis of the currency risks was conducted for the Group's key foreign currencies (Bulgarian lev, Polish zloty, Czech koruna, Swiss franc, Hungarian forint and Romanian lei). The exchange rate effects from foreign currency items, which were recognized in the Consolidated Statement of Profit or loss at the closing rate in accordance with IAS 21, were taken into account. This would result in total income of EUR 0.9 million for the DOUGLAS Group in financial year 2023/2024 if the euro were to improve by 5 percent and total expenses of EUR 1.0 million if the euro were to deteriorate by 5 percent.

DEFAULT RISK

Default risk is the risk of financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The default risk generally arises from all financial assets in the portfolio, such as trade accounts receivable, other receivables, cash investments with bank partners and derivatives with a positive market value. The maximum default risk of the financial assets corresponds to the carrying amounts.

Arising from the increased focus on the E-Com channel, Group entities are faced with a receivables default risk, which is a system-inherent risk in mail-order retail. For this reason, the companies operate a debtor management system including dunning procedures.

A default risk may arise from the default of a banking partner, in particular as a result of insolvency in the context of financial investments or positive market values from derivatives. DOUGLAS Group counters this risk by concluding transactions concerning both financial investments and financial instruments exclusively with first-class banks that are

rated at least investment grade (BBB-). At the same time, the volume is distributed among several counterparties in order to avoid concentration risks and monitor investments on an ongoing basis.

CAPITAL MANAGEMENT

The goal of the Group's capital management is to assure that the Group can continue to meet its financial obligations and that the covenant from the syndicated loan is met (for further disclosures on the syndicated loan agreement, see Note "Other financial Liabilities" and for further disclosures on the financial covenant, see section "Liquidity Risk"). These targets were achieved in the financial year. A further goal of capital management is to increase the enterprise value on a long-term basis. As a secondary condition of capital management, the aim is to ensure that all Group companies are equipped with equity in accordance with local requirements so that external capital requirements were always met in the past financial year.

The Group monitors Net Debt as follows:

	09/30/2024	09/30/2023
	Carrying amount	Carrying amount
	EUR m	EUR m
Term Loan Facility (Facility B) - new financing	815.9	0.0
Senior Secured Term Loan Facility	0.0	683.8
Bridge Term Loan Facility (Facility A) - new financing	461.0	0.0
Revolving Credit Facility (RCF)	0.6	-2.4
Other borrowings	0.9	1.1
Senior Secured Notes	0.0	1,332.7
Senior PIK Notes	0.0	590.4
Finance liabilities (total from notes and bank liabilities)	**1,278.4**	**2,605.6**
Lease liabilities within the meaning of IFRS 16	1,107.3	1,080.3
Total	**2,385.7**	**3,685.9**
Cash	98.9	262.3
Net debt	**2,286.8**	**3,423.6**

The RCF was not drawn on in terms of liquidity as at the reporting date, although it was utilized in the form of collateral in the form of rental guarantees amounting to EUR 10.5 million.

38. Other financial Obligations and contingent Liabilities

As of the reporting date, order commitments for approved investments in property, plant and equipment totaled EUR 20.3 million (prior year: EUR 24.0 million) and for other intangible assets EUR 5.3 million (prior year: EUR 8.9 million).

39. Related Parties

The Group had the following delivery and supply relationships with related parties in financial year 2023/2024.

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Deliveries and services provided		
Shareholders	1.2	0.0
Deliveries and services received		
Shareholders	15.2	59.6
Members of management in key positions	0.1	0.1
Other related companies and related persons	-	4.9
Total	15.3	64.6

Receivables in connection with goods and services provided to shareholders amounted to EUR 0.3 million as of the reporting date (prior year: EUR 0.0 million).

With the exception of subordinated shareholder loans bearing below-market interest, which were contributed in full to the capital reserves of Douglas AG during the financial year, business relations with related parties are effected under the same conditions as with third parties (arm's length transaction). The interest rate on shareholder loans was 2.00 percent.

The interest rate of 2.00 percent on the contractual nominal shareholder loan amounts existing during the year prior to the contribution led to interest expenses of EUR 6.2 million in the financial year (prior year: EUR 17.9 million). The loans were measured using the effective interest method, resulting in interest expenses of EUR 15.2 million for the reporting year (prior year: EUR 59.6 million).

Against the background of the contribution, the interest-bearing liabilities to shareholders amounted to EUR 0.0 million (prior year: EUR 704.6 million) as of the reporting date.

Explanations on further equity measures with shareholders as part of the IPO in the reporting year can be found in Note "Equity".

SHAREHOLDERS

The direct parent company of Douglas AG is Kirk Beauty International S.A., Luxembourg, which is indirectly controlled by Kirk Beauty Jersey FinCo Limited, Jersey, (ultimate parent, ultimate controlling entity). Shareholders of Kirk Beauty Jersey FinCo Limited are various investment funds, including CVC Capital Partners plc., Jersey. In the prior year DOUGLAS Group was included in the consolidated financial statements of Kirk Beauty S.à r.l., Luxembourg.

KEY MANAGEMENT PERSONNEL AND TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT

Key management personnel

Key management personnel includes the members of the Management Board of Douglas AG as well as the members of the Supervisory Board of Douglas AG (prior year: members of the Supervisory Board of Douglas GmbH)

Expenses for **short-term benefits to key management personnel** amount to EUR 18.3 million (prior year: EUR 21.5 million), of which EUR 0.7 million (prior year: EUR 0.3 million) is attributable to the Supervisory Board. Expenses for termination benefits of key management personnel amounted to EUR 0.0 million (prior year:

EUR 1.0 million). In accordance with IFRS 2, expenses from share-based payments to key management personnel of EUR 13.2 million (prior year: share-based payments of EUR 16.3 million) were calculated.

Total remuneration of the board of management

Total remuneration for the Management Board amounted to EUR 6.7 million (prior year managing directors: EUR 30.0 million) for financial year 2023/2024. The number of Management Board members was three (prior year: three managing directors).

Total remuneration includes long-term share-based remuneration with a fair value of EUR 2.3 million (prior year: share-based remuneration of EUR 25.1 million). The number of notional shares used to determine possible subsequent payout amounts totals 174,004.

In the financial year, the Management Board was not granted any performance-related remuneration components in addition to the contractually agreed remuneration components (prior year: managing directors: EUR 0.0 million).

Total remuneration for the Supervisory Board amounted to EUR 0.7 million (prior year: EUR 0.3 million). for financial year 2023/2024.

The amount granted for defined contribution benefits in the financial year totaled EUR 0.1 million (prior year: EUR 0.1 million).

40. Share-based Payment

LONG TERM INCENTIVES (LTI)

In financial year 2023/2024, DOUGLAS Group introduced a Long-Term Incentive Plan (LTIP) for senior management. The LTIP is a virtual performance share plan with a plan term of four years, consisting of a performance period of three years and an additional one-year holding period. The vesting period for the grants awarded in the 2023/2024 financial year started early in May 2024 and ends on September 30, 2027. The entitlements from LTI are vested on a straight-line basis over the three-year performance period. In addition to the share price performance, the payout depends on the overall target achievement of two equally weighted performance indicators, the relative total shareholder return (TSR) and the adjusted earnings before taxes (adjusted EBT), measured over the three-year performance period. The target achievement for the relative TSR is based on a comparison of the TSR of DOUGLAS Group with the TSR of the companies included in the MDAX and the companies of an individual peer group, each of which is weighted at 50 percent for the target achievement of the relative TSR performance criterion.

The payout after the four-year plan term is made in cash. The payout amount is limited to 150 percent of the target amount. The target amount relates to the defined monetary target amount (i.e., if 100 percent of the target is achieved) for the long-term incentive as defined in the respective allocation letter for each participant.

The granting of performance shares was classified as cash-settled share-based payment transactions in accordance with IFRS 2.30. The fair value of the performance shares is remeasured at each reporting date using a Monte Carlo model and taking into account the conditions under which the performance shares were granted.

The performance shares developed as follows in the financial year:

	Unit	Tranche 2024/25
Performance shares	Number	240,816
Maximum lifetime	Years	4.0
Performance shares outstanding at the beginning of the reporting period	Number	0
Performance shares granted during the reporting period	Number	240,816
Performance shares forfeited during the reporting period	Number	0
Performance shares exercised during the reporting period	Number	0
Performance shares expired during the reporting period	Number	0
Performance shares outstanding at the end of the reporting period	Number	240,816
-- of which performance shares exercisable at the end of the reporting period	Number	0

The following parameters were used for valuation as of the reporting date:

	Unit	Tranche 2024/25
Measurement date	Date	00.01,1900
Remaining term	Years	4.0
Volatility	%	36.8
Risk-free interest rate	%	1.9
Expected dividend return	%	4.8
Exercise price	EUR	0.0
Share price of Douglas AG on the measurement date	EUR	20.6

The period from the valuation date to the end of the holding period and thus the date of the expected distribution was used as the term. The share price was determined via Bloomberg from the closing price of XETRA trading as of September 30, 2024. The volatility was determined from the historical volatility of the DOUGLAS peer group companies over the respective remaining term. The expected volatility taken into account is based on the assumption that future trends can be inferred from historical volatility, meaning that the volatility that actually occurs may differ from the assumptions made. The expected dividend yield was estimated on the basis of historical dividend yield. The risk-free interest rate was derived on the basis of historical yields on German government bonds with a remaining term to maturity that corresponds to the expected term of the performance shares.

As of the reporting date, the obligation resulting from the LTIP amounted to EUR 0.6 million (thereof EUR 0.6 million non-current). The resulting expense amounted to EUR 0.6 million in the reporting year.

TERMINATED MANAGEMENT PARTICIPATION PROGRAMS MEP II AND MEP I

With the IPO of Douglas AG in March 2024 as the defined exit event, the vesting periods of the participants in the two equity-settled share-based payment programs MEP II and MEP I ended at DOUGLAS Group level. The total value of the benefits granted to employees in the reporting period amounted to EUR 14.2 million. They were recognized as personnel expenses in the Consolidated Statement of Profit or Loss, with the offsetting entry in retained earnings (other reserves) within equity.

MEP II

Until the exit event, a share-based remuneration program ("MEP II") was in place in financial year 2023/2024, which existed in a management investment company as a direct shareholder of Douglas AG since December 2020.

The participants were granted shares in this company, which enabled them to hold an indirect interest in DOUGLAS Group and thus participate in the expected increase in value. The participation granted consisted of shares in the share capital of Douglas AG and an interest-bearing shareholder loan from Kirk Beauty International S.A. to Douglas AG. The program provided for the aforementioned instruments to be serviced from the proceeds of the sale following a defined exit event (IPO).

The participants could only sell the shares they had acquired to Kirk Beauty International S.A. If a participant left, Kirk Beauty International S.A. was entitled to acquire the participant's shares (call option).

As the DOUGLAS Group companies were not obliged to settle the share-based payment themselves, this was an equity-settled share-based payment in accordance with IFRS 2.43B (b).

MEP II – disclosures for prior year 2022/2023

Parameters used in the prior year:

Parameters	10/01/2022-09/30/2023
risk-free interest rate	2.0%
market risk premium	7.5%
unlevered beta	1.0
Volatility	28.7% - 30.0%
WACC after tax	9.3%
DLOM	6.0% - 8.6%

The fair values of the benefits granted to employees on initial issue of the instruments were as follows: Shares in capital stock EUR 18.6 million and shares in the shareholder loan EUR 0.0 million.

The weighted average fair value of the instruments granted to employees in the prior year amounted to EUR 8.1 thousand.

The purchase price of the shares issued to the plan participants existing at the prior reporting date amounted to a total of EUR 0.0 million for the shares in capital stock and EUR 1.8 million for the shares in the shareholder loan.

The total value of benefits granted to employees in the prior year amounted to EUR 26.3 million.

The instruments issued to employees as part of MEP II developed as follows in the prior year and totaled as of September30, 2023.

	10/01/2022-09/30/2023
10/01/2022	**1,859.65**
Instruments granted	3,299.99
Instruments returned	-689.59
09/30/2023	**4,470.05**

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, were recognized as personnel expense over the vesting period;

the offsetting entry was made in retained earnings. Personnel expenses of EUR 15.9 million were recognized for this share-based payment in the prior year.

MEP I

In addition to MEP II described above, there was also another management participation program ("MEP I") until the exit event in the reporting year, which had existed since March 2016 in a management participation company as a shareholder of Kirk Beauty International S.A.

The program gave participants the opportunity to indirectly acquire shares in Kirk Beauty International S.A. via a predefined structure. The participants' investment allows them to participate indirectly in the returns and performance of a defined portfolio, which consisted of ordinary shares, preferred shares and preferred interest-bearing equity instruments (PECs). The preferred shares and PECs had defined interest rates on the capital invested. PECs were to be serviced in priority to preferred shares and these in turn in priority to ordinary shares.

The participants could only sell the shares they had acquired to Kirk Beauty Investments S.A. If a participant left, Kirk Beauty Investments S.A. was entitled to acquire the participant's shares (call option).

As the DOUGLAS Group companies were not obliged to settle the share-based payment themselves, this was an equity-settled share-based payment in accordance with IFRS 2.43B (b).

MEP I - disclosures for prior year 2022/2023

The instruments issued to employees developed as follows in the prior year and amounted to the following as of September 30, 2023:

	Ordinary shares	Preferred shares	PECs
10/01/2022	652,852	1,013,792	160,719,965
Instruments granted	14,085	21,873	5,002,305
Instruments returned	-50,193	-77,943	-12,148,902
09/30/2023	616,744	957,722	153,573,368

Due to the classification as equity settled share-based payment program, the grant date fair value of benefits granted in the form of instruments was recorded as personnel expense over the vesting period; the offsetting entry was made in other reserves in equity. No personnel expense from this program was recognized in the prior year.

41. Leases

DOUGLAS Group leases stores for the sale of its perfumery products. The term of the leasing agreements is typically between five and ten years. To ensure the greatest possible flexibility, a large number of the leases contain options, exercisable once or several times, to extend the leases by a certain number of years after this period (in many cases by a further five years). Due to the importance of stationary retailing for the Group and the start-up costs involved in developing locations, DOUGLAS Group generally operates its retail stores on a long-term basis. Expiring real estate leases are not automatically replaced or extended by new real estate leases.

For extension options that are not reflected in the leasing liabilities as of the reporting date, exercising these would result in cash outflows of EUR 605 million, spread over the terms of the options. The decision to exercise extension options depends in particular on the profitability of the respective store and the availability of suitable alternative locations. In addition, there are leases with an indefinite term that are recognized on the basis of medium-term strategic planning with a sufficiently certain end date. These contracts include annual lease payments of EUR 12.3 million.

The leases can generally be terminated unilaterally by the Group, although in some cases a contractual penalty may apply in the event of premature termination by the lessee. In some cases, there are also bilateral termination options. The majority of the lease agreements provide for annual rent adjustments based on changes in local price indices.

Contracts for leased business premises may give rise to restoration obligations for leasehold improvements, the discounted value of which is recognized as a provision. The discounted value of the obligation is capitalized as part of the acquisition cost of the right of use from leases and amortized over the useful life.

At the commencement date or upon modification of a contract containing a lease component, the Group allocates the contractually agreed consideration on the basis of the relative individual prices. For real estate leases, this means that a separation of lease and non-lease components is made so that the payments related to the non-lease component are recognized in profit or loss.

The basis for determining the incremental borrowing rate is the risk-free interest rate, which is determined using the swap curves of the respective currencies of the corresponding lease payments. As country risks are already taken into account in these risk-free interest rates, no separate component is added for this. A credit premium is included to reflect the default risk of DOUGLAS Group company and the Group parent Douglas AG. An additional liquidity premium is not required beyond the credit premium.

When determining the incremental borrowing rate, a collateral discount was taken into account. The duration of the leases was used as the final component in the calculation of the incremental borrowing rate.

The following tables show the interest rate matrix for properties.

Interest rate matrix for financial year 2023/2024:

	Term			
	1 to 5 years %	6 to 10 years %	11 to 15 years %	16 to 20 years %
EUR	3,68 - 4,10	4,09 - 5,21	5,34 - 5,83	5,48 - 5,90
BGN	4,32 - 5,08	5,34 - 6,56	6,74 - 7,43	6,91 - 7,60
HRK	4,38 - 4,72	4,67 - 6,04	6,18 - 6,69	6,31 - 6,77
CZK	4,11 - 4,94	4,99 - 6,10	6,24 - 6,75	6,38 - 6,82
HUF	6,34 - 7,21	7,14 - 8,36	8,53 - 9,14	8,70 - 9,24
PLN	5,62 - 6,74	6,15 - 7,21	7,35 - 7,83	7,48 - 7,91
RON	7,70 - 6,65	8,02 - 9,38	9,55 - 10,11	9,72 - 10,18
CHF	1,65 - 2,16	2,39 - 3,55	3,69 - 4,17	3,83 - 4,24

Interest rate matrix for prior year 2022/2023:

	Term			
	1 to 5 years %	6 to 10 years %	11 to 15 years %	16 to 20 years %
EUR	4,74 - 14,42	6,24 - 13,22	7,08 - 12,61	7,41 - 12,23
BGN	3,89 - 13,89	6,09 - 13,87	7,76 - 13,92	8,68 - 13,94
HRK	3,31 - 12,53	4,64 - 11,85	5,77 - 11,43	6,23 - 11,18
CZK	7,36 - 18,65	7,70 - 16,36	8,27 - 15,08	8,54 - 14,41
HUF	3,96 - 13,74	6,16 - 13,30	7,47 - 13,15	7,98 - 13,15
PLN	10,52 - 25,23	11,39 - 22,68	11,38 - 20,38	11,46 - 19,29
RON	5,68 - 19,04	7,63 - 17,56	8,74 - 16,55	9,25 - 16,01
CHF	7,55 - 19,67	9,22 - 18,22	10,58 - 17,22	11,13 - 16,84

Total cash outflows from leases totaled EUR 298.3 million in the financial year (prior year: EUR 308.2 million).

A sensitivity analysis was conducted for the index-linked leases. Taking into account a 1 percent increase in index-linked rents, this would result in a EUR 1.9 million higher (prior year: EUR 1.9 million) cash outflow in the following financial year.

With the exception of the asset class "real estate", DOUGLAS Group has made use of the exemptions under IFRS 16.5 for short-term leases and leases where the underlying asset is of low value.

In the reporting period the following amounts were recognized in profit or loss

	10/01/2023-09/30/2024 EUR m	10/01/2022-09/30/2023 EUR m
Expense related to variable lease payments not included in the measurement of lease liabilities	3.3	3.1
Income from subleasing right-of-use assets	0.4	0.3
Expense relating to short-term leases	0.2	0.2
Expense relating to leases of low-value assets	0.2	0.5

Maturity analysis of undiscounted lease receivables in financial year

	09/30/2024 EUR m	09/30/2023 EUR m
Less than one year	2.9	4.2
One to two years	2.1	2.5
Two to three years	2.0	1.4
Three to four years	1.4	1.3
Four to five years	0.8	0.7
More than five years	0.2	0.2
Total amount of undiscounted lease receivables	**9.5**	**10.3**
Unrealized financial income		1.0
Net investment in the lease	9.5	9.3

Maturity analysis of undiscounted lease liabilities in financial year

	09/30/2024 EUR m	09/30/2023 EUR m
Less than one year	290.4	282.7
One to five years	751.7	727.0
More than five years	259.7	271.1
Total	**1,301.7**	1,280.8

Information on the development of right of use assets from leases, including amortization and impairment, can be found in Note "Right of Use Assets". Information on interest expenses from lease liabilities is included in Note " Finance Result".

In principle, there are only a few cases in which DOUGLAS Group acts as lessor. Essentially, the Group acts as lessor in contracts in which a rented property is sublet to a third party (subletting). The majority of these leases are classified as finance leases. Leases in which DOUGLAS Group acts as lessor and the lease is classified as an operating lease are the absolute exception and are of minor significance.

42. Government Grants

In financial year 2023/2024, government grants totaling EUR 0.7 million (prior year: EUR 1.7 million) were awarded.

A government loan amounting to EUR 0.9 million (prior year: EUR 1.1 million) was utilized as of the reporting date.

43. Options according to Sections 264 (3) and 264b German Commercial Code (HGB)

In application of Sections 264 (3) and 264b German Commercial Code (HGB), the following German subsidiaries have mainly refrained from preparing notes to the financial statements and a management report as well as from disclosing their annual financial statements.

Company	Registered Office
Kirk Beauty SUN GmbH	Düsseldorf
Douglas Service GmbH	Düsseldorf
Parfümerie Douglas Deutschland GmbH	Düsseldorf
Parfümerie Douglas GmbH & Co. KG	Düsseldorf
DOUGLAS INFORMATIK & SERVICE GMBH	Hagen
Parfümerie Douglas International GmbH	Düsseldorf
Douglas GmbH & Co. Objekt Zeil KG	Pullach im Isartal
Douglas Cosmetics GmbH	Düsseldorf
Douglas International Purchasing GmbH	Zossen
Douglas Marken & Lizenzen Zossen GmbH	Zossen
Parfümerie AKZENTE GmbH	Pfedelbach
Douglas Marketing Solutions GmbH	Düsseldorf
Parfümerie Douglas Megastore GmbH	Düsseldorf
Ultimate Skin Aesthetics GmbH	Düsseldorf
Parfümerie Douglas Beteiligungsgesellschaft mbH	Düsseldorf
Douglas House of Beauty GmbH	Düsseldorf
NICHE-BEAUTY.COM GmbH	Hamburg

44. Expenses for the Auditor’s Fees for Financial Year 2023/2024 according to Section 314 (1) No. 9 German Commercial Code (HGB)

The fees for the auditor of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft, is attributable to the following services provided.

	10/01/2023-09/30/2024 EUR m
Audit services	2.3
-- *thereof for the prior year*	*0.3*
Other assurance and audit-related services	2.4
Other services	0.9
Total	**5.6**

The fee for auditing services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relates to the audit of the Consolidated Financial Statements and combined Management Report as well as the annual financial statements of Douglas AG for the financial year ending September 30, 2024, including statutory extensions. In addition, fees for the audits of IFRS reporting packages of subsidiaries of Douglas AG for inclusion in the DOUGLAS Consolidated Financial Statements and for audits of the statutory annual financial statements of subsidiaries under German commercial law are included. Douglas AG incurred fees of EUR 0.3 million for auditing services provided by KPMG AG Wirtschaftsprüfungsgesellschaft for statutory and consolidated financial statements of Douglas AG.

Other assurance services relate to agreed-upon audit procedures (sales certificates and declarations of completeness in accordance with the German Packaging Ordinance) and the issuance of the comfort letter in connection with the publication of the listing prospectus as well as EUR 0.2 million for the review of the half-year financial report.

Other services include assistance with the introduction of new consolidation software, audit-related work in connection with lease accounting and the first-time preparation of the electronic format of the Consolidated Financial Statements (European Single Electronic Format, ESEF) and consulting services in relation to product regulations and product compliance and the IPO. In addition, project-related procedures were performed for selected CSRD key figures.

Only services that are compatible with the activity as auditor of the annual financial statements and the Consolidated Financial Statements of Douglas AG were provided. Non-audit services were monitored and approved by the Audit Committee of the Supervisory Board of Douglas AG.

45. Corporate Bodies

MANAGEMENT BOARD

Members of the Management Board of Douglas AG as of the reporting date:

Alexander van der Laan	Chairman of the Management Board, Chief Executive Officer (CEO)
Mark Langer	Chief Financial Officer (CFO)
Dr. Philipp Andrée	Chief Commercial Officer (CCO)

SUPERVISORY BOARD

At the level of Douglas AG, a Supervisory Board with equal representation was formed, the constituent meeting of which took place on February 2, 2024.

Members of the Supervisory Board of Douglas AG as of the reporting date:

Shareholder representatives	
	Dr. Henning Kreke (Chairman of the Supervisory Board)
	Dr. Alexander Dibelius
	Dr. Daniel Pindur
	Can Toygar
Employee representatives	
	Ulrike Grabe (Vice Chairwoman of the Supervisory Board)
	Ulrike Gaal
	Stefanie Hübner
	Peter König
	Vesna Mandalenakes
	Petra Ringer
Independent members	
	Pamela Knapp
	Georgia Garinois-Melenikiotou

Since the constitutive meeting of the Supervisory Board on February 2, 2024, the following changes in its composition took place:

→ Dr. Michael Hinderer and Fritz Schulenburg have resigned from their positions,

→ Pamela Knapp and Georgia Garinois-Melenikiotou have been appointed.

46. Shareholdings of the Group according to Section 313 German Commercial Code (HGB)

Companies included in the Consolidated Financial Statements

Name and registered office	Share in %
Douglas AG	
Parfümerie Douglas Deutschland GmbH, Düsseldorf	100
Parfümerie Douglas GmbH & Co. KG, Düsseldorf	100
DOUGLAS Informatik & Service GmbH, Hagen	100
Parfümerie Douglas International GmbH, Düsseldorf	100
Douglas GmbH & Co. Objekt Zeil KG, Pullach im Isartal	88
DOUGLAS Grundbesitz GmbH, Hagen	100
Douglas Cosmetics GmbH, Düsseldorf	100
Douglas International Purchasing GmbH, Zossen	100
Douglas Marken- und Lizenzen Zossen GmbH, Zossen	100
Douglas Marken und Lizenzen Verwaltungsgesellschaft mbH, Zossen	100
Ultimate Skin Aesthetics GmbH, Düsseldorf	100
Parfümerie AKZENTE GmbH, Pfedelbach	100
NICHE-BEAUTY.COM GmbH, Hamburg	100
Douglas Marketing Solutions GmbH, Düsseldorf	100
Parfümerie Douglas Megastore GmbH, Düsseldorf	100
Parfümerie Douglas Beteiligungsgesellschaft mbH, Düsseldorf	100
Douglas Service GmbH Düsseldorf	100
Kirk Beauty SUN GmbH, Düsseldorf	100
Douglas House of Beauty GmbH, Düsseldorf	100
Parfümerie Douglas Ges.m.b.H., Vienna/Austria	100
Parfümerie Douglas AG, Baar/Switzerland	100
Parfumerie Douglas Nederland B.V., Nijmegen/The Netherlands	100
Douglas Franchise B.V., Nijmegen/The Netherlands	100
Douglas Vastgoed B.V. I, Nijmegen/The Netherlands	100
Douglas Vastgoed B.V. II, Nijmegen/The Netherlands	100
Kirk Beauty Netherlands Holding B.V., Nijmegen/The Netherlands	100
Douglas Cosmetics Belgium B.V., Antwerp/Belgium	100
Groupe Nocibé SAS, Villeneuve d'Ascq/France	100
Groupe Douglas France SAS, Villeneuve d'Ascq/France	100
Parfumerie Douglas Monaco S.A.M., Monaco/Monaco	100
Perfumeria Douglas Portugal Lda., Lisbon/Portugal	100
Douglas Parfumerije, trgovina na drobno d.o.o., Ljubljana/Slovenia	100
Douglas Spain SA, Madrid/Spain	100
Douglas Italia S.p.A., Milan/Italy	100
Passera distribució S.L., Andorra	100
Douglas Parfumerije d.o.o., Zagreb/Croatia	100
Douglas Ungarn Kft., Budapest/Hungary	100
Douglas Polska SP.z.o.o., Warsaw/Poland	100
Parfumerie Douglas s.r.o., Prague/Czech Republic	100
Douglas Parfümeri Limited Sirketi, Istanbul/Turkey	100
Parf. Douglas S.R.L., Bucharest/Romania	100
Parfumerie Douglas Bulgaria ood, Sofia/Bulgaria	100
UAB "Douglas LT", Vilnius/Lithuania	100
SIA "Douglas Latvia", Riga/Latvia	100
Ltd. Douglas Estonia, Tallinn/Estonia	100
Parfümerie Douglas Slowenska s.r.o., Bratislava/Slovakia	100

47. Events after the Reporting Date

There were no reportable events between the reporting date and the date on which the Consolidated Financial Statements were approved for publication.

48. Declaration of Conformity with the German Corporate Governance Code

On December 4, 2024, the Management Board and Supervisory Board of Douglas AG issued a joint declaration of conformity with the recommendations of the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG), which is publicly available on the company's website (www.DOUGLAS.de).

Düsseldorf, December 17, 2024

Management Board of Douglas AG

Alexander van der Laan   Mark Langer   Dr. Philipp Andrée

Additional Information

Compensation report

I. INTRODUCTION

As a result of the IPO on March 21, 2024, Douglas AG is subject to the legal requirements of the German Stock Corporation Act ("**AktG**") and the recommendations and suggestions of the German Corporate Governance Code ("**GCGC**") in the version of April 28, 2022. Douglas AG and all of its affiliated companies within the meaning of section 15 et. seq. AktG are hereinafter referred to as the "DOUGLAS Group".

The compensation report has been compiled by the Management Board and Supervisory Board of Douglas AG. It has been designed with the aim of presenting the compensation awarded and due to the members of the Management Board and Supervisory Board of Douglas AG for the financial year 2023/2024 (hereinafter the "**Reporting Period**") under both the Pre-IPO and the Post-IPO Compensation Systems in a transparent and comprehensible way.

The compensation system incentivizes the successful implementation of the strategy and the long-term development of the DOUGLAS Group. The compensation system will for the first time be presented to the shareholders of Douglas AG at the 2025 Annual General Meeting.

Pursuant to section 162 AktG, the compensation report presents the compensation "awarded and due" for the financial year to each individual current or former member of the Management Board and the Supervisory Board..

II. PRE-IPO COMPENSATION SYSTEM OF THE MANAGEMENT BOARD

1. OVERVIEW

The compensation system as described in this section of the Compensation Report (hereinafter the "Pre-IPO Compensation System") was applicable to the members of the Management Board for the period from the start of the financial year 2023/2024 up to and including March 19, 2024, i.e. until the admission to the stock exchange. It was based on the respective management contracts which included the elements explained below.

The management contracts were concluded with Douglas GmbH (now: Douglas Service GmbH), a fully owned indirect subsidiary of Douglas AG. The contracts also included the services each member of today's Management Board rendered during the reporting period to Kirk Beauty A GmbH as the predecessor of Douglas AG without additional compensation. As part of the IPO preparation, the former group holding entity Douglas Service GmbH and Douglas AG agreed that the Douglas AG will also pay the short-term incentive component (hereinafter the "STI") of the Pre-IPO Compensation System and will insofar get reimbursed by Douglas Service GmbH.

An overview of the Pre-IPO Compensation System is shown below:

Fixed compensation	Base salary	Fixed compensation which is paid out in cash in twelve equal months installments.
	Benefits	May consist of an accident insurance, a company car for business and private use, contributions to the private or voluntary statutory health insurance, and the reimbursement of costs for travel and accommodation.

Variable compensation	STI	Type	Annual bonus
		Performance criteria	Financial performance criteria → Adjusted EBITDA → Net Sales → Net Working Capital-Ø ESG criteria
		Cap	CEO: 200% of target amount CFO/CCO: 150% of target amount
		Payout	In cash
Malus & clawback		A partial reclaim of the variable compensation up to 25% of the total compensation is possible both for the CCO and the CFO.	

2. PRE-IPO TARGET COMPENSATION

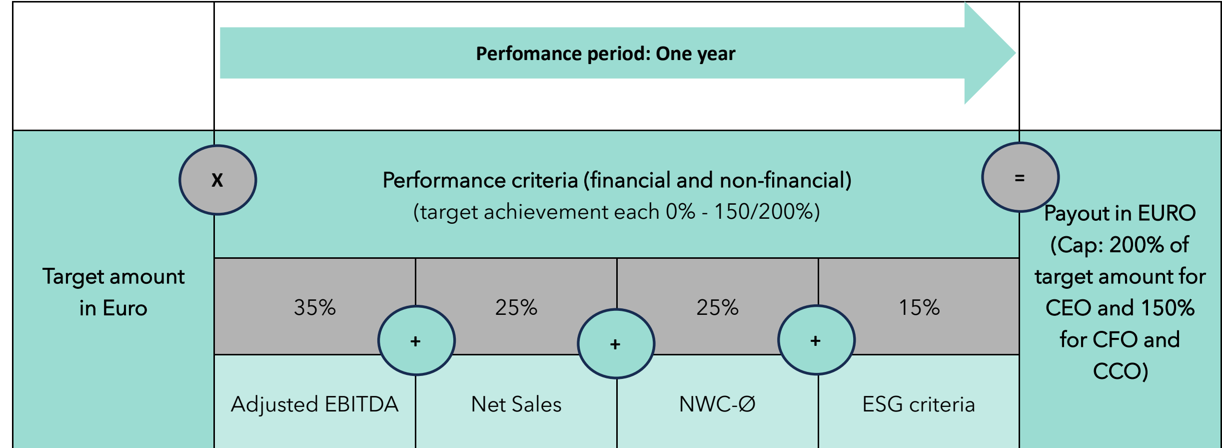
The target compensation leveled on a full-year basis for the Management Board members for financial year 2023/2024 until the IPO are shown in the following table:

	Alexander van der Laan CEO		Mark Langer CFO		Dr. Philipp Andrée CCO	
	Pre-IPO (full-year basis)		Pre-IPO (full-year basis)		Pre-IPO (full-year basis)	
	EUR '000	% TC	EUR '000	% TC	EUR '000	% TC
Base salary	850	49.16%	550	49.64%	550	53.19%
Benefits	29	1.68%	8	0.72%	9	0.87%
Fixed renumeration	**879**	**50.84%**	**558**	**50.36%**	**559**	**54.06%**
STI	850	49.16%	550	49.64%	475	45.94%
LTI	-	0.00%	-	0,00%	-	0,00%
Variable renumeration	**850**	**49.16%**	**550**	**49.64%**	**475**	**45.94%**

Total Target renumeration Pre-IPO	1,729	100.00%	1,108	100.00%	1,034	100.00%

3. VARIABLE COMPENSATION

The STI of the Pre-IPO Compensation System was designed as a target bonus model with a performance period of one year. The total target achievement is the weighted average of the target achievements of the performance criteria Adjusted EBITDA weighted at 35%, Net Sales weighted at 25%, Net Working Capital-Ø weighted at 25%, and ESG criteria weighted at 15%..



Before or at the beginning of each financial year, the Supervisory Board set a target value for each of the performance criteria upon achievement of which the target achievement will be 100%. The Supervisory Board further set a minimum value upon achievement of which the target achievement will be 0% and a maximum value upon achievement of which the target achievement will be 150% for the CFO, Mark Langer, and the CCO, Dr. Philipp Andrée and 200% for the CEO, Alexander van der Laan. Between the minimum value and the target value, as well as between the target value and the maximum value, the target achievement was determined by linear interpolation. Resulting from this, the payout amount of the STI could range between 0% and 150%/200% (cap) of the individual target amount.

3.1 FINANCIAL CRITERIA

Adjusted EBITDA used for management purposes is derived from EBITDA as disclosed in the Douglas AG consolidated financial statements within the consolidated statement of profit and loss and adjusted for those items which, in the opinion and judgment of the management of Douglas AG, are non-recurring, exceptional or inappropriate for management purposes (hereinafter the "**Adjusted EBITDA**").

Net sales refers to the top line figure as disclosed in the Douglas AG consolidated financial statements within the consolidated statement of profit and loss and is included as a performance criterion to incentivize company growth (hereinafter "**Net Sales**").

Net Working Capital of the Group is defined as the sum of (i) inventories, (ii) trade accounts receivable and receivables from payment service providers, (iii) trade accounts payable and (iv) other, which includes receivables and liabilities in connection with supplier receivables for discounts/bonuses and marketing subsidies as well as outstanding voucher liabilities. As financial criterion for the STI in the fiscal year 2023/2024 for the last time after the IPO, the relevant average Net Working Capital is calculated as the arithmetic average of the net working capital of the last thirteen month-end values, whereby the net working capital of the first and last month-end values are added together and weighted in half

("**NWC-Ø**" / Net Working Capital-Ø). From the fiscal year 2024/2025, the NWC-Ø for the STI calculated in such way will be divided in an additional calculation step by the sales revenues of the last twelve months of a reporting period.

Relevant for the financial performance criteria are the audited and approved consolidated financial statements of DOUGLAS Group for the respective financial year.

3.2 ESG CRITERIA

ESG Criteria refers to the fields of action in the areas of environment, social, and governance to assess the implementation of the sustainability strategy of the DOUGLAS Group by the Management Board members.

The targets for the ESG criteria were defined at the reasonable discretion of the Supervisory Board annually at the beginning of the performance period. For the financial year 2023/2024 the Supervisory Board set the ESG criteria as the deployment of the adjusted ESG strategy and cascading the deployment into their own responsibility areas. Which includes the fulfillment of aspects of all four of the ESG pillars (People, Planet, Product, and Governance):

AS EUROPE'S LEADING PREMIUM BEAUTY DESTINATION,
DOUGLAS HAS THE AMBITION TO BE A LEADING BEAUTY RETAILER IN SUSTAINABILITY

PEOPLE	PLANET	PRODUCTS
Set culture of belonging and promote collaboration and appreciation – Drive diversity – Equity & inclusion – Grow our culture – Develop our people	Aim for -50% CO_2e by 2025 (scope 1&2 vs. '18/19) in first step, develop further reduction targets for scope 1-3 in-line with SBTs – Reduce energy consumption in stores & offices – Reduce waste – Reduce emissions from transport / supply chain – Lower environmental footprint of store interior	Improve the sustainability of the products we offer – Working together with brand partners on sustainability – Make our corporate brands excel in sustainability – Visibility on sustainable beauty in customer journey

ENGAGE

Clear ownership and responsibilities among management to empower and to deploy ESG within the organization

- ESG as recurring part of management remuneration
- Continuously maintain our Compliance Management System (CMS)
- Reporting system for annual ESG report

4. FURTHER CLAUSES

4.1 MALUS & CLAWBACK

The Company was entitled to revoke the bonus entitlement in whole or in part for objective reasons, in particular for economic reasons, such as a negative economic result, a significant fall in profits, a significant shortfall or failure to meet the forecast economic development as well as low performance or serious breaches of duty by the Management Board member, with a notice period of three months to the end of the month with effect for the future, but only to the extent that the revocation does not affect more than 25% of the total compensation.

This regulation only applies to the CCO, Dr. Philipp Andrée, and the CFO, Mark Langer. In the Pre-IPO system no malus or clawback provisions were provided for the CEO, Alexander van der Laan.

4.2 PREMATURE TERMINATION

In the event of a premature termination of the appointment and the employment contract of the Management Board member by the Company without good cause, the Management Board member was entitled to a pro rata bonus corresponding to the duration of the employment relationship. In case of good cause no bonus payment is made.

4.3 INABILITY TO WORK, DEATH

In the event of temporary unfitness for work, members of the Board of Management continue to receive their contractually agreed base salary for a duration of up to six months.

In the event of death of a Management Board member, their surviving dependents were to receive the contractually agreed base salary for a duration of up to six months.

No such payments were made to the Management Board members for the period from the start of the financial year 2023/2024 until the IPO.

4.4 SIDE ACTIVITIES

There is no additional compensation for mandates of Management Board members in other entities of the DOUGLAS Group.

4.5 NON-COMPETE

With respect to the CCO, Dr. Philipp Andrée, the post contractual non-compete agreement are unchanged in the Pre-IPO Compensation System compared to the post-IPO Compensation System. The Pre-IPO service agreements of the CEO, Alexander van der Laan, and the CFO, Mark Langer, did not contain post-contractual non-compete clauses.

5. APPLICATION OF THE PRE-IPO COMPENSATION SYSTEM

In the following, the compensation which has been fully earned (i.e. the plan term of which has ended) at the end of the Reporting Period is shown as "awarded", even if the actual payment did not take place within the Reporting Period. Accordingly, with regard to the compensation for the members of the Management Board, the amounts of the STI and LTI whose plan term ended on September 30, 2024, are shown below as awarded for the Reporting Period, as the underlying services were fully rendered by the reporting date of September 30, 2024. This ensures transparent and comprehensible reporting and ensures a consistent link between performance and compensation in this and future reporting periods.

The respective target achievements of Adjusted EBITDA, Net Sales, Net Working Capital-Ø, based on the DOUGLAS Group's IFRS consolidated annual financial statements 2023/2024 and the defined ESG criteria combined resulted in an overall target achievement for the STI, as shown in the table below:

		Target achievement		
Financial criteria	**Target figure[1]**	**Actual figure**	**%**	**Total (%)**
	Million EUR	**Million EUR**		
Adjusted EBITDA	786.59	808.62	127.30	88.68
Net Sales	4,376.96	4,450.97	116.49	
Net Working Capital-Ø	169.98	234.41	0.00	
ESG criteria	N/A	N/A	100.00	

[1] Figures show 100% target. Target range was set from 0% to 150% for CFO and CCO and from 0% to 200% for CEO.

On December 17, 2024, the Supervisory Board has determined the fulfillment of the ESG criteria on 100%.

The payout amount for the period from the start of the financial year 2023/2024 until the IPO per Management Board member resulting from the STI target achievement for the financial year 2023/2024 are listed in the following table:

	Target amount on full year basis	Pre-IPO Period	Target amount[(1)]	Total target achievement STI[(2)]	Payout amount[1]
	EUR '000	days	EUR '000	%	EUR '000
Alexander van der Laan	850.00	171[(3)]/366	397.13	88.68	352.18
Mark Langer	550.00		256.97	88.68	227.88
Dr. Philipp Andrée	475.00		221.93	88.68	196.80

[(1)] The disclosed target and payout amount are calculated on a act/act and pro-rata basis for the period from start of the financial year 2023/2024 until the IPO, i.e. October 10, 2023 – March 19, 2024.

[(2)] The total target achievement of the STI is measured over the entire financial year 2023/2024.

[(3)] The Post-IPO compensation came into effect as of the day when stock exchange admission was granted to Douglas AG, i.e. as of 20 March 2024.

III. MANAGEMENT EQUITY PARTICIPATION PROGRAM (MEP) PRE-IPO

On December 30, 2020, with the so-called management equity participation program (hereinafter referred to as "**MEP**") a share-based compensation program was established by means of a management investment company, Kirk Beauty 2 Beteiligungs GmbH & Co. KG ("**MEPCo**"), a direct shareholder of Kirk Beauty A GmbH. The Management Board members, key management personnel, other senior executives and other individuals bought shares in the MEPCo, enabling them to hold an indirect interest in the DOUGLAS Group (i.e. Kirk Beauty A GmbH) and thus participate in the value development. This indirect interest amounted to 5.6% in Kirk Beauty A GmbH.

The program, as amended from time to time, ensured that after a defined exit event, which included an IPO, the settlement of the MEP would be serviced by shares in Douglas AG and from the proceeds of the IPO itself after deduction of costs.

The MEP participants, including the Management Board members, have agreed to a lock-up of their shares in Douglas AG so received by virtue of the settlement of the MEP in the course of the IPO, subject to customary exemptions: MEP participants were permitted to (indirectly) sell a portion of up to 30% of the number of shares in Douglas AG ("**Sale Right**") corresponding to their entitlements in the MEPs. For all MEP participants, a lock-up period applies to the shares in Douglas AG received from the date of receipt of such shares to the first anniversary of the commencement of trading of Douglas AG shares on the regulated market of the Frankfurt Stock Exchange. Between the first and second anniversary of such date, each MEP participant may sell a portion of up to 60% of the number of shares corresponding to the relevant MEP participant's total entitlement, less any portion of shares for which the Sale Right has been exercised.

The following table provides the number of shares in Douglas AG received as a result of the settlement of the MEP in the course of the IPO as well – in case opted for this – the cash settlement triggered by the Sale Right.

	Share settlement (number of shares)	Cash settlement EUR '000
Alexander van der Laan[1]	2,131,791	23,754.24
Mark Langer[2]	392,914	0
Dr. Philipp Andrée[3]	218,408	2,433.68

[1] Indirect settlement through Mil & Bos B.V and opted to receive settlement 70% in shares and 30% in cash in conjunction with the Sale Right in order to cover related potential tax obligations with received cash amount.

[2] Indirect settlement through ASTAM Holding GmbH and settlement conducted 100% in shares.

[3] Direct settlement and opted to receive settlement 70% in shares and 30% in cash in conjunction with the Sale Right in order to cover related potential tax obligations with received cash amount.

IV. POST-IPO COMPENSATION SYSTEM OF THE MANAGEMENT BOARD

1. OVERVIEW

The Compensation System of the Management Board of Douglas AG in effect as of the IPO on March 21, 2024, for the remainder of the 2023/2024 financial year and onward, is described below (hereinafter the "Compensation System").

When designing the Compensation System of the Management Board, the Supervisory Board was guided by the principles shown in the graphic below.

Principles of the Compensation System
Sustainable and long-term development The compensation structure contributes a sustainable and long-term orientation of DOUGLAS Group.
Pay for Performance The Compensation System is geared towards performance by setting ambitious and motivating targets.
Alignment of interests The design of the Compensation System consolidates the interests of the shareholders / stakeholders, the DOUGLAS Group, and the management.
Consistency of the compensation The Supervisory Board ensures that the Compensation System for the Management Board is consistent with the compensation system of executives.
Market competitiveness The design of the Compensation System is in line with the market practice.

The Compensation System of the Management Board of Douglas AG consists of fixed and variable compensation elements. The Supervisory Board has set a Compensation System and reviews its appropriateness on a regular basis.

The members of the Management Board receive a fixed annual base salary in cash, which is paid out in twelve equal monthly installments. The annual gross base salary amounts to 1,000,000 EUR for the CEO, Alexander van der Laan, to 625,000 EUR for the CFO, Mark Langer, and to 625,000 EUR for the CCO, Dr. Philipp Andrée. No pension scheme is granted to the Management Board members.

In addition to the annual base salary, the members of the Management Board are entitled to variable compensation elements, the STI and the LTI (hereinafter the "LTI"). Both are oriented toward the DOUGLAS Group's sustainable development and incorporate relevant key performance indicators of the DOUGLAS Group. In order to set a strong focus on the long-term development of the DOUGLAS Group, the LTI makes up the majority of the variable compensation.

An overview of the Post-IPO Compensation System is shown below:

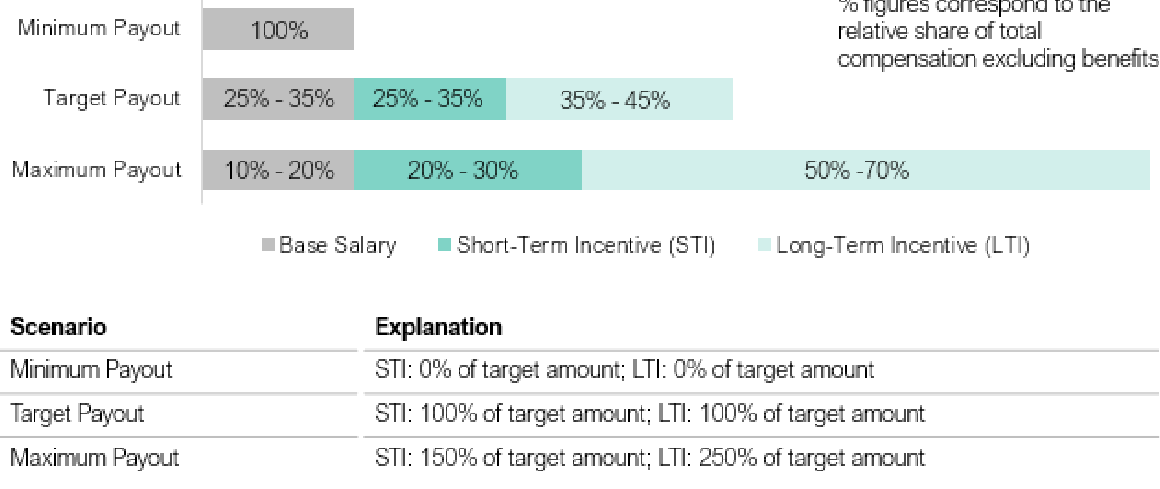
Fixed compensation	**Base Salary**	Fixed compensation which is paid out in cash in twelve equal monthly instalments.	
	Benefits	May consist of an accident insurance, a company car for business and private use, contributions to a private or voluntary statutory health insurance, and the reimbursement of costs for travel and accommodation.	
Variable compensation	STI	Type	Annual bonus
		Performance criteria	Financial performance criteria • Adjusted EBITDA • Net Sales • Net Working Capital-Ø ESG criteria
		Cap	150% of target amount
		Payout	In cash
	LTI	Type	Performance share plan
		Term	Three-year performance plus one year holding period
		Performance criteria	Relative TSR (50%) Adjusted EBT (50%)
		Caps	Target achievement: 200% Payout: 250%
		Payout	In cash

Malus & Clawback	Reduction or complete forfeiture/reclaim of the variable compensation is possible.
Share Ownership Guidelines (SOG)	Management Board members are obliged to invest a minimum amount in Douglas AG shares: 150% of the base salary (CEO); 100% of the base salary (Ordinary Management Board Member). The SOG Target has to be met within four years form appointment.
Severance Payments	May not exceed the lesser of the amount due for two years of compensation or the compensation payable for the remaining term of the service agreement (severance cap).

2. POST-IPO TARGET COMPENSATION

The total target compensation of each Management Board member consists of the sum of the base salary, the STI target amount, and the LTI target amount. The Compensation System allows for the base salary to amount to approximately 25% to 35%, the STI to amount to approximately 25% to 35%, and the LTI to amount to approximately 30% to 45% of the total target compensation. The current compensation of the Management Board members conforms with these thresholds.

The stronger weighting of the long-term variable compensation compared to the short-term variable compensation ensures that the compensation structure is oriented toward the sustainable and long-term development of Douglas AG in accordance with the provisions of the AktG. In addition, the aim is to ensure that in accordance with the requirements of section 87 Paragraph 1 sentence 3 AktG as well as the recommendations of the German Corporate Governance Code, the proportion of the variable compensation made up of the LTI exceeds the proportion of the variable compensation made up of the STI. At the same time, important operative targets are taken into account by putting significant weight on the STI.



Scenario	Explanation
Minimum Payout	STI: 0% of target amount; LTI: 0% of target amount
Target Payout	STI: 100% of target amount; LTI: 100% of target amount
Maximum Payout	STI: 150% of target amount; LTI: 250% of target amount

The value of benefits due to the Management Board members is inherently subject to annual fluctuations and thus not included in the above graphic; however, benefits usually amount to approx. 5% to 10% of the individual base salary.

The total target compensation was determined by the Supervisory Board for each Management Board member in compliance with the Compensation System, the AktG, and the German Corporate Governance Code.

In light of the IPO of Douglas AG in March 2024, the appropriateness and market conformity of the Management Board compensation was reviewed with the assistance of an independent external compensation advisor. The comparison of the level and structure of compensation was carried out using two different peer groups to account for the criteria country, size and industry. Thus, the MDAX as a broad index as well as an individual peer group of European companies in the beauty and retail industry were considered when assessing market conformity.

Based on the assessment, the Supervisory Board determined compensation levels and structure for the Management Board members Alexander van der Laan, Mark Langer, and Dr. Philipp Andrée starting with the IPO.

The target compensation for fiscal year 2023/2024 levels for the Management Board members (since IPO) are shown in the following table. In line with the structure laid out by the Compensation System of the Management Board the target STI corresponds to 100% of base salary and the target LTI corresponds to 150% of base salary.

	Alexander van der Laan CEO		Mark Langer CFO		Dr. Philipp Andrée CCO	
	Post-IPO (full-year basis)		Post-IPO (full-year basis)		Post-IPO (full-year basis)	
	EUR '000	% TC	EUR '000	% TC	EUR '000	% TC
Base salary	1,000	28.27%	625	28.23%	625	28.15%
Benefits	37	1.05%	26	1.17%	32	1.44%
Fixed renumeration	**1,037**	**29.32%**	**651**	**29.40%**	**657**	**29.59%**
STI	1,000	28.27%	625	28.23%	625	28.15%
LTI	1,500	42.41%	938	42.37%	938	42.25%
Variable renumeration	**2,500**	**70.68%**	**1,563**	**70.60%**	**1,563**	**70.41%**
Total Target renumeration Post-IPO	**3,537**	**100.00%**	**2,214**	**100.00%**	**2,220**	**100.00%**

3. SHORT-TERM INCENTIVE

The STI is designed as a target bonus model with a performance period of one year. The payout amount of the STI at the end of the performance period is determined by multiplying the target amount with the total target achievement. The total target achievement is calculated as the sum of the target achievements of all performance criteria considering their respective weighting. Primarily, the total target achievement depends on the financial performance of the Douglas AG, operationalized via Adjusted EBITDA (weighted between 25% and 40%), Net sales (weighted between 20% and 35%) and Net Working Capital-Ø (weighted between 20% and 30%). Besides financial criteria, environment, social and governance criteria (ESG criteria) are considered (weighted between 10% to 20%). The applicable ESG targets are defined by the Supervisory Board at the beginning of each financial year.

Likewise, the Supervisory Board will set a weighting for the performance criteria and a target value for each of the financial performance criteria upon achievement of which the target achievement will be 100%. The Supervisory Board will further set a minimum value upon achievement of which the target achievement will be 0% and a maximum value upon achievement of which the target achievement will be 150% for each of the financial performance criteria. Between the minimum value and the target value, as well as between the target value and the maximum value, the target

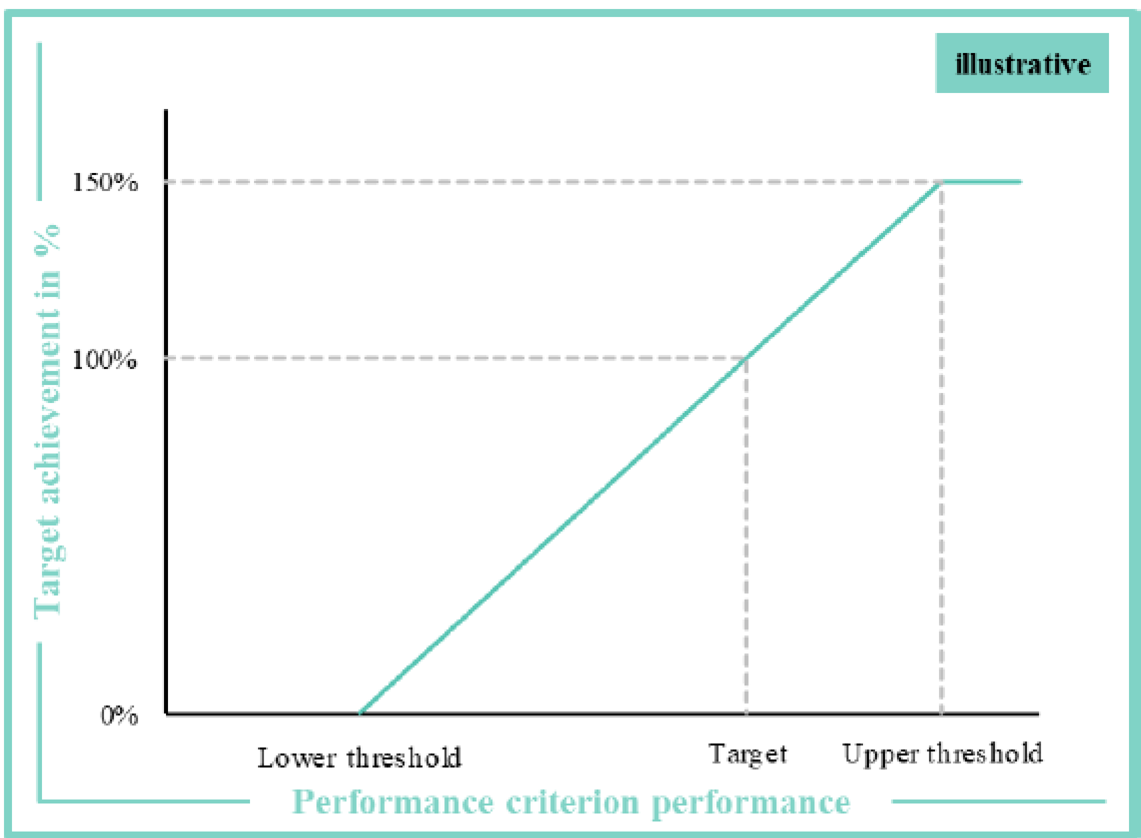
achievement for each of the financial performance criteria is determined by linear interpolation. Resulting from this, the payout amount of the STI can range between 0% and 150% (cap) of the individual target amount.

Meeting or falling below the lower threshold (entry hurdle) corresponds to a target achievement of 0%, exactly meeting the target value corresponds to a target achievement of 100% and meeting or exceeding the upper threshold corresponds to a target achievement of 150%.

The target achievement of the non-financial i.e. ESG criteria may range from 0% to 150%.

The target achievement is measured in percent and rounded to two decimal places by standard accounting practice.

The target achievement curve for the financial performance targets is illustrated below:

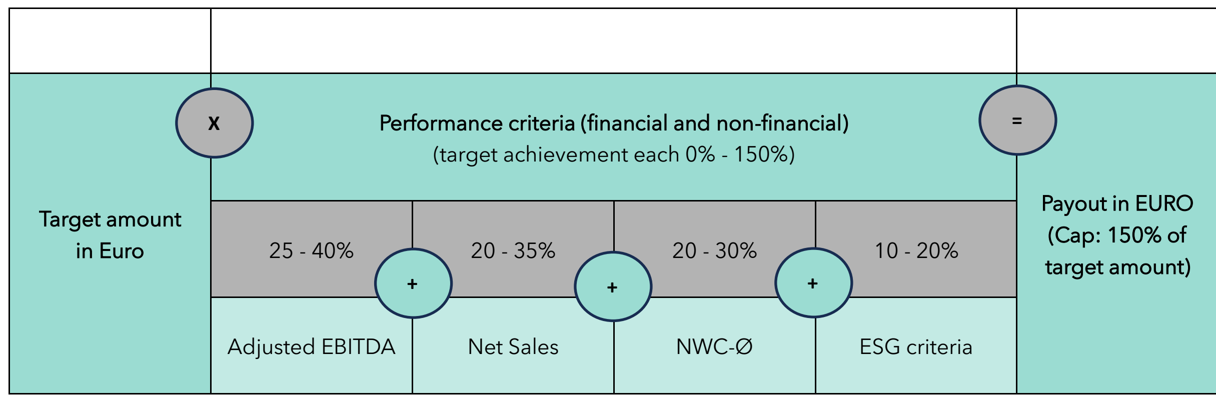


The total target achievement for the financial year 2023/2024 is the weighted average of the target achievements of the performance criteria with Adjusted EBITDA weighted with 35%, Net Sales weighted with 25%, Net Working Capital-Ø weighted with 25% and ESG criteria weighted with 15%.

The audited, certified and approved consolidated financial statements of the DOUGLAS Group for the respective financial year are authoritative for the financial performance criteria.

To determine the payout of the STI for the period from the IPO until the end of the financial year 2023/2024 the target achievement of the performance criteria of the STI is measured over the entire 2023/2024 financial year.

Performance period: One year



3.1 FINANCIAL CRITERIA

Adjusted EBITDA used for management purposes is derived from EBITDA as disclosed in the Douglas AG consolidated financial statements within the consolidated statement of profit and loss and adjusted for those items which, in the opinion and judgment of the management of Douglas AG, are non-recurring, exceptional or inappropriate for management purposes (hereinafter the "**Adjusted EBITDA**").

Net sales refers to the top line figure as disclosed in the Douglas AG consolidated financial statements within the consolidated statement of profit and loss and is included as a performance criterion to incentivize company growth (hereinafter "**Net Sales**").

Net Working Capital of the Group is defined as the sum of (i) inventories, (ii) trade accounts receivable and receivables from payment service providers, (iii) trade accounts payable and (iv) other, which includes receivables and liabilities in connection with supplier receivables for discounts/bonuses and marketing subsidies as well as outstanding voucher liabilities. As financial criterion for the STI in the fiscal year 2023/2024 for the last time after the IPO, the relevant average Net Working Capital is calculated as the arithmetic average of the Net working capital of the last thirteen month-end values, whereby the Net working capital of the first and last month-end values are added together and weighted in half ("**NWC-Ø**" / "Net Working Capital-Ø)). From the fiscal year 2024/2025, the NWC-Ø for the STI calculated in such way will be divided in an additional calculation step by the sales revenues of the last twelve months of a reporting period.

3.2 ESG CRITERIA

ESG Criteria refers to the fields of action in the areas of environment, social, and governance to assess the implementation of the sustainability strategy of the DOUGLAS Group by the Management Board members.

The targets for the ESG criteria are defined at the reasonable discretion of the Supervisory Board annually at the beginning of the performance period. For the financial year 2023/2024 the Supervisory Board oriented the ESG Criteria around the deployment of the adjusted ESG strategy and cascading the deployment into their own responsibility areas. This includes the fulfillment of aspects of all four of the ESG pillars (People, Planet, Product, and Governance):

AS EUROPE'S LEADING PREMIUM BEAUTY DESTINATION,
DOUGLAS HAS THE AMBITION TO BE A LEADING BEAUTY RETAILER IN SUSTAINABILITY

Set culture of belonging and promote collaboration and appreciation

- Drive diversity, equity & inclusion
- Grow our culture
- Develop our people

Aim for -50% CO_2 by 2025 (scope 1&2 vs. '18/19) in first step, develop further reduction targets for scope 1-3 in-line with SBTs

- Reduce energy consumption in stores & offices
- Reduce waste
- Reduce emissions from transport / supply chain
- Lower environmental footprint of store interior

Improve the sustainability of the products we offer

- Working together with brand partners on sustainability
- Make our corporate brands excel in sustainability
- Visibility on sustainable beauty in customer journey

ENGAGE

Clear ownership and responsibilities among management to empower and to deploy ESG within the organization

- ESG as recurring part of management remuneration
- Continuously maintain our Compliance Management System (CMS)
- Reporting system for annual ESG report

4. LONG-TERM INCENTIVE

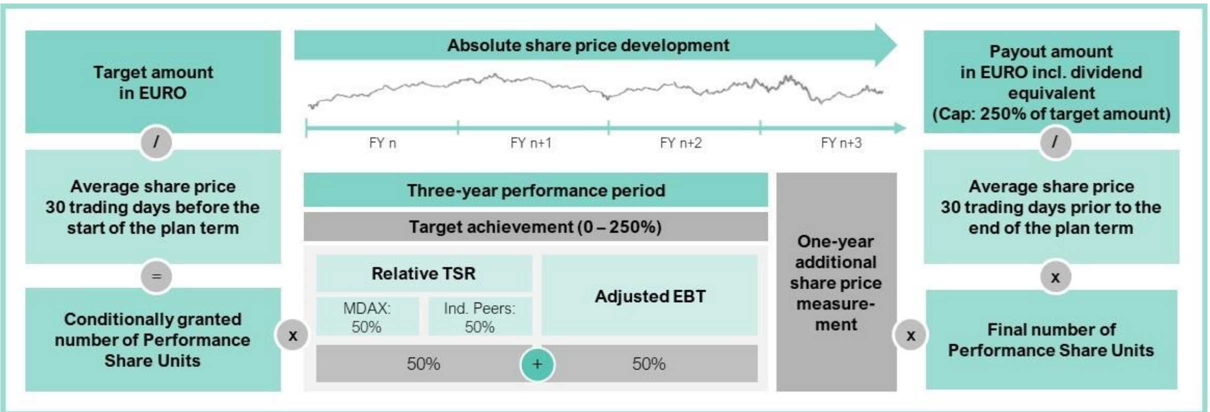
The LTI is designed as a virtual performance share plan with a plan term of four years consisting of a performance period of three years and an additional one-year holding period.

At the start of the plan term of each tranche of the performance share plan, each Management Board member is conditionally granted a number of performance share units (PSUs). The number of conditionally granted PSUs is calculated on the basis of the target LTI amount agreed upon in the respective service agreement divided by the average share price of the Douglas AG share during the 30 trading days prior to the beginning of the plan term.

After the end of the three-year performance period, the final number of PSUs is calculated. In addition to the share price development, the payout depends on the overall target achievement of two equally weighted performance indicators, the relative total shareholder return (TSR) and the adjusted earnings before taxes (adjusted EBT), measured over the three-year performance period. The target achievement for the relative TSR is based on a comparison of the TSR of the Douglas AG share with the TSR of the companies included in the MDAX and the companies of an individual peer, each of which is weighted at 50% for the achievement of the relative TSR performance criterion.

Target achievement for each criterion may range from 0% to 250% for each of the performance criteria depending on company performance. In order to further reflect the capital market performance of Douglas AG a one-year holding period follows the determination of the final number of PSUs during which the share price performance will continue to impact the payout amount of the respective LTI tranche.

Following the one-year holding period the payout amount is determined by multiplying the final number of PSUs by the corresponding average share price of the Douglas AG share during the last 30 trading days prior to the end of the four-year term plus the cumulative dividends paid during the plan term and paid out in cash. The payout is capped at 250% of the target amount ("Cap").



As the financial year following the IPO was not a full year, the full LTI as such will only be granted from the financial year 2024/2025. In order to compensate the missing allocation for the financial year 2023/2024, an additional allocation value of 2/3 of the normal LTI allocation amount was granted once in May 2024 to cover the period from the IPO to the end of the financial year 2023/2024 (hereinafter "**Additional LTI Allocation**"). The Additional LTI Allocation and the LTI allocation 2024/2025 will only be shown as granted and owed after the end of the plan term on September 30, 2028.

5. FURTHER CLAUSES

5.1 MALUS & CLAWBACK

The Supervisory Board has the right to fully or partially reduce variable compensation of the Management Board members that has not yet been paid out or reclaim variable compensation that has already been paid out in certain cases.

Those shall include the calculation of variable compensation based on an incorrect financial statement as well as severe breaches of duty.

For the financial year 2023/2024, the Supervisory Board did not see any reason to reduce or reclaim variable compensation.

5.2 SHARE OWNERSHIP GUIDELINES

Share Ownership Guidelines (SOG) form an integral part of the Compensation System of Douglas AG and are applicable to all Management Board members.

The Management Board members are obliged to invest a minimum amount in Douglas AG shares and to hold these shares for at least the duration of their respective appointment to the Management Board. The minimum amount of shares that need to be held is equal to shares in the value of 150% and 100% of base salary for the Chief Executive Officer and for the Ordinary Management Board members, respectively ("SOG Target"). The SOG Target has to be met within four years form appointment.

Shares in Douglas AG already held by the Board Member at the beginning of the build-up phase will be counted towards the fulfillment of the SOG Target.

	Base salary (in EUR)	SOG Target of base salary	Shareholding in relation to the base salary to date	Status
Alexander van der Laan	1,000,000	150%	>150%	Fulfilled
Mark Langer	625,000	100%	>100%	Fulfilled
Dr. Philipp Andrée	625,000	100%	>100%	Fulfilled

5.3 PREMATURE TERMINATION/SEVERANCE PAYMENT

In the event of premature termination of the appointment and service agreement of the Management Board member without cause by Douglas AG, severance payments made by Douglas AG to the respective Management Board member in connection with the premature termination may not exceed the amount due for two years of compensation and in any case may not exceed the compensation payable for the remaining term of the Service Agreement (Severance Cap). Notwithstanding the cap on severance payments, pro-rata payments of already granted variable compensation to departing Management Board members are made on the dates and at the conditions originally agreed upon.

In the event of such a premature termination the target amount of the Short-Term Incentive granted for the financial year in which the termination occurred is pro-rated by 1/365 for every day of the respective financial year in which no service relationship of the Management Board member with Douglas AG exists. Similarly, the target amounts for the already granted plan tranches of the Long-Term Incentive for which the performance periods have not yet ended are reduced by 1/36 for each month in which no service relationship of the Management Board Member with Douglas AG exists during the performance period.

In case of termination of the service agreement with the Management Board member due to extraordinary termination by (i) Douglas AG for good cause in accordance with section 626 para. 1 of the German Civil Code (BGB) or (ii) the member of the Management Board without good cause, the member of the Management Board is not entitled to a severance payment.

During financial year 2023/2024 no severance payments were granted to the Management Board members.

5.4 INABILITY TO WORK, DEATH

In the event of temporary unfitness for work, members of the Board of Management continue to receive their contractually agreed base salary for a duration of up to six months. If a Management Board member has been unfit for work for an aggregate period greater than two months throughout a given financial year the variable compensation is granted pro rata temporis for the relevant financial year.

In the event of death of a Management Board member, their surviving dependents shall receive the contractually agreed base salary for a duration of up to six months.

No such payments were made to the Management Board members for the period from the IPO until the end of the financial year 2023/2024.

5.5 SIDE ACTIVITIES

The compensation for mandates of Management Board members in companies which are affiliated with the Company or in associations or similar groups in which the Douglas AG is a member as part of its business operations will be offset against the Management Board Compensation. In the Reporting Period no additional compensation has been paid for mandates of Management Board members in other entities of the DOUGLAS Group.

5.6 NON-COMPETE

During the term of their service agreements the members of the Management Board are subject to certain non-compete obligations, including a prohibition not to engage, either autonomously or dependently as an employee and also not as an entrepreneur or in any other manner, neither directly nor indirectly through any form of participation, in a competitive activity, or to be active for an enterprise that is in direct competition with the Group.

With respect to the CCO, Dr. Philipp Andrée, the non-compete obligation will also apply for a period of 12 months following termination of his service agreement. The post-contractual non-compete obligations entail an obligation of Douglas AG to pay a non-compete compensation to Dr. Philipp Andrée for the duration of his post-contractual non-compete period, which will be offset against a potential severance payment. The compensation is to be paid in monthly installments and amounts to 50% of the contractual fixed compensation. Douglas AG can waive its right under the non-compete clause with the effect that the obligation to pay a non-compete compensation ceases six months after receipt of the declaration of waiver by Dr. Philipp Andrée; in such case Dr. Philipp Andrée is free to use his working skills immediately after the end of his service agreement.

The service agreements of the CEO, Alexander van der Laan, and the CFO, Mark Langer, do not contain post-contractual non-compete clauses.

6. MAXIMUM COMPENSATION

The Supervisory Board has set a maximum compensation for the Management Board members in the Compensation System.

For the Chief Executive Officer the maximum compensation for a financial year amounts to EUR 7,000,000 and for other Management Board members the maximum compensation for a financial year is set at EUR 4,500,000.

The maximum compensation limits the total compensation (base salary, STI, LTI, and expenses for benefits) of the Management Board members which is paid out for a financial year, regardless of the actual payment dates of the compensation elements (LTI in particular). Should the total compensation exceed this maximum amount determined by the Supervisory Board, a portion of the LTI (as the last compensation element due for payment) is forfeited without refund or replacement to the extent that the total compensation for the respective financial year exceeds the determined maximum compensation.

Compliance with the maximum compensation is reviewed after the end of each financial year. However, final compliance with maximum compensation for a financial year can only be reported following the financial year in which the payout amount of the compensation element with the latest due date awarded within the respective financial year is determined. As the vesting period of the additionally granted LTI had started as of the date of the IPO the Additional LTI Grant must be taken into account for the maximum compensation for the 2023/2024 financial year. Thus, compliance with maximum compensation for the 2023/2024 financial year can only be reported after the end of the holding period; that is, in the compensation report for the 2027/2028 financial year.

7. REVIEW OF COMPENSATION SYSTEM

7.1 DETERMINATION AND REVIEW

Pursuant to section 87, Paragraph 1 AktG, the Supervisory Board sets the Management Board compensation. Taking into account the responsibilities and performance of the Management Board members as well as the situation of Douglas AG, the Supervisory Board determines an appropriate level for the total target compensation of the individual Management Board members for each financial year. Furthermore, market conformity is ensured by the Supervisory Board by conducting a horizontal as well as a vertical comparison of the compensation.

For the 2023/2024 financial year, based on the geographical scope in which the DOUGLAS Group operates and the size of DOUGLAS Group in terms of sales, number of employees, and market capitalization, the MDAX companies as well as a group of selected international competitors served as benchmarks for the comparison and setting of compensation levels. For the vertical comparison, the compensation of the Management Board members is compared with the compensation of senior executives and other employees whereby, in particular, the development of compensation is considered over time.

Based on the results of the compensation review in the 2023/2024 financial year the Supervisory Board increased the target compensation of the Management Board as of the date of the IPO.

7.2 EXTRAORDINARY EVENTS OR DEVELOPMENTS

The Supervisory Board reserves, in line with recommendation G.11 of the German Corporate Governance Code, the right to account for extraordinary events or developments and thus to adapt the payout of the STI or LTI to an appropriate extent when determining variable compensation payout amounts. Extraordinary developments are defined as major unexpected events (such as war, pandemics, or other disasters), material changes in the organization of Douglas AG (such as major divestments or acquisitions or a significant change in the ownership structure), high inflation, capital measures or material changes of the accounting and valuation methods or considerable fluctuations of foreign exchange rates that could not reasonably have been foreseen at the time the respective performance targets were set and significantly affect the payout amounts of both the STI and LTI. Generally unfavorable market developments are expressly not regarded as extraordinary developments in this context.

In the 2023/2024 financial year the Supervisory Board did not make any adjustments to the variable compensation payouts.

7.3 TEMPORARY DEVIATIONS

In accordance with section 87a Paragraph 2 sentence 2 AktG, the Supervisory Board may temporarily deviate from the compensation system if this is essential for the long-term well-being of the DOUGLAS Group. Exceptional circumstances justifying a temporary deviation from the compensation system include severe corporate and economic crises. However, unfavorable market developments do not justify a temporary deviation from the compensation system. In the event of a deviation, the compensation must remain oriented towards the long-term and sustainable development of DOUGLAS Group and be linked to its success as well as the performance of the Management Board member. Only after a careful analysis of the exceptional circumstances a temporary deviation from the compensation system is permitted.

In the 2023/2024 financial year the Supervisory Board did not enact any temporary deviations from the compensation system.

8. APPLICATION OF THE POST-IPO COMPENSATION SYSTEM

The Supervisory Board has determined the target achievement of the ESG criteria as 100%.

The respective target achievements of Adjusted EBITDA, Net Sales, Net Working Capital-Ø, based on the DOUGLAS Group IFRS consolidated annual financial statements 2023/2024 and the defined ESG criteria combined result in an overall target achievement for the STI, as shown in the table below:

		Target achievement		
	Target figure[1]	**Actual figure**	**%**	**Total (%)**
	Million EUR	Million EUR		
Adjusted EBITDA	786.59	808.62	127.30	
Net Sales	4,376.96	4,450.97	116.49	
Net Working Capital-Ø	169.98	234.41	0.00	
ESG criteria	N/A	N/A	100.00	88,68

[1] Figures show 100% target. Target range was set from 0% to 150% for CFO and CCO and from 0% to 200% for CEO.

The payments for each Management Board member for the period from the IPO until the end of the financial year 2023/2024 resulting from the STI target achievement for the 2023/2024 financial year are listed in the following table:

	Target amount on full year basis	Post-IPO Period	Target amount[1]	Total target achievement STI[2]	Payout amount[1]
	EUR '000	days	EUR '000	%	EUR '000
Alexander van der Laan	1,000.00	195[3]/366	532.79	88.68	472.48
Mark Langer	625.00		332.99	88.68	295.30
Dr. Philipp Andree	625.00		332.99	88.68	295.30

[1] The disclosed target and payout amount are calculated on an act/act and pro-rata basis for the period from IPO until the end of the financial year 2023/2024, i.e. 20/03/2024 – 30/09/2024.

[2] The total target achievement of the STI is measured over the entire financial year 2023/2024.

[3] The Post-IPO management contracts came into effect as of the day when stock exchange admission was granted to Douglas AG on March 20, 2024.

V. TOTAL PRE- AND POST-IPO COMPENSATION IN FY 2023/2024

The following tables show the compensation awarded and due in accordance with section 162 AktG of the Management Board for the financial year 2023/2024. It discloses all fixed and variable compensation elements as well as the relative shares of each component in relation to the total compensation.

The STI amounts for 2023/2024 are included in the 2023/2024 table of compensation awarded and due, since the respective Management Board member had fully rendered the services for which the respective compensation is paid during the reporting period.

The following table shows the compensation awarded and due in accordance with section 162 AktG of the Management Board for the period from the start of the financial year 2023/2024 until the IPO and from the IPO until the end of the financial year 2023/2024:

		Alexander van der Laan CEO		Mark Langer CFO		Dr. Philipp Andrée CCO	
		EUR '000	% TC	EUR '000	% TC	EUR '000	% TC
Base salary[3]	Pre-IPO[1]	397.58	21.84%	257.26	22.43%	257.26	22.91%
	Post-IPO[2]	532.26	29.24%	332.66	29.00%	332.66	29.62%
Benefits	Pre-IPO	29.00	1.59%	8.00	0.70%	9.00	0.80%
	Post-IPO	37.00	2.03%	26.00	2.27%	32.00	2.85%
Fixed renumeration	**Pre-IPO**	**426.58**	**23.43%**	**265.26**	**23.12%**	**266.26**	**23.71%**
	Post-IPO	**569.26**	**31.27%**	**358.66**	**31.27%**	**364.66**	**32.47%**
STI	Pre-IPO	352.18	19.35%	227.88	19.87%	196.80	17.52%
	Post-IPO	472.48	25.95%	295.30	25.74%	295.30	26.30%
LTI	Pre-IPO	-	0.00%	-	0.00%	-	0.00%
	Post-IPO	-	0.00%	-	0.00%	-	0.00%
Variable renumeration	**Pre-IPO**	**352.18**	**19.35%**	**227.88**	**19.87%**	**196.80**	**17.52%**
	Post-IPO	**472.48**	**25.95%**	**295.30**	**25.74%**	**295.30**	**26.30%**
Total renumeration	**Pre-IPO**	**778.76**	**42.78%**	**493.14**	**42.99%**	**463.06**	**41.23%**
	Post-IPO	**1,041.74**	**57.22%**	**653.96**	**57.01%**	**659.96**	**58.77%**
Total renumeration FY 23/2024 § 162 AktG		**1,820.50**	**100.00%**	**1,147.10**	**100.00%**	**1,123.02**	**100.00%**

[1] Pre-IPO refers to the time from 01/10/2023 to 19/03/2024. As the Base Salaries are paid in monthly installments, the change from Pre- to Post-IPO base salary in March 2024 was calculated on a month basis (factor 19/31 calendar days for Pre-IPO).
[2] Post-IPO refers to the time from 20/03/2024 to 30/09/2024 (factor 12/31 calendar days for Post-IPO).
[3] Total FY 23/2024 refers to the entire financial year 2023/2024, i.e. the time from 01/10/2023 to 30/09/2024.

VI. COMPENSATION OF THE SUPERVISORY BOARD

1. OVERVIEW

In preparation for the IPO, on January 9, 2024 the shareholders' meeting of Kirk Beauty A GmbH adopted a resolution by which the Supervisory Board, which is co-determined in accordance with the German Co-Determination Act (MitbestG) and responsible for monitoring the DOUGLAS Group, was relocated from Douglas Service GmbH (previously known as Douglas GmbH) to Kirk Beauty A GmbH and thus to the future Douglas AG.

According to section 113 (3) sentences 1 and 2 AktG, the annual general meeting of a listed company must pass a resolution on the compensation of Supervisory Board members at least every four years. The current compensation has been defined by the general meeting in the resolution of March 19, 2024.

The compensation of the members of the Supervisory Board complies with all recommendations and suggestions of the German Corporate Governance Code. In doing so, the Compensation System is designed in a way that supports the Supervisory Board's control function and its independence.

For this reason, the Compensation System of the Supervisory Board is fundamentally designed with a fixed component.

In addition, the members of the Supervisory Board receive compensation for their activities in committees in order to take account of the increased scope of work and additional responsibility.

2. PRE-IPO STRUCTURE AND LEVEL OF COMPENSATION

The chair of the Supervisory Board receives a fixed compensation of 60,000 EUR per year. The deputy chair receives a fixed compensation of 45,000 EUR. The other members of the Supervisory Board receive a fixed compensation of 30,000 EUR annually.

The chair and members of the Mediation Committee did not receive any additional committee compensation. An Executive Committee, an Audit Committee or a Nomination Committee were not installed Pre-IPO.

Members of the Supervisory Board who were not part of the Supervisory Board or part of the committees for a full financial year receive pro rata compensation.

3. POST-IPO STRUCTURE AND LEVEL OF COMPENSATION

Supervisory Board members of Douglas AG receive a fixed compensation in the amount of 60,000 EUR for every full financial year of their membership in the Supervisory Board. The fixed compensation of the chairperson of the Supervisory Board amounts to 150,000 EUR, and for the vice chairperson of the Supervisory Board to 100,000 EUR.

Members of the Executive Committee and members of the Audit Committee receive an additional fixed annual compensation of 30,000 EUR for each office held in one of these committees.

The chairperson of the Executive Committee and the chairperson of the Audit Committee receive an additional fixed annual compensation of 60,000 EUR for the chair held in one of these committees.

The members of the Nomination Committee and the Mediation Committee receive no additional compensation.

In addition, Douglas AG will refund the members of the Supervisory Board reasonable expenses they incur in exercising their Supervisory Board mandate as well as any turnover tax payable on their compensation and expenses.

VII. TOTAL PRE- AND POST-IPO COMPENSATION IN FY 2023/2024

The following table shows the compensation awarded and due in accordance with section 162 AktG of the Supervisory Board for the period from the start of the financial year 2023/2024 until the IPO:

	Fixed compensation Pre-IPO Douglas GmbH / Kirk Beauty A GmbH October 1, 2023 – February 18, 2024[8]			Fixed compensation Pre-IPO Douglas AG February 19, 2024 – March 20, 2024[8]			Total Compensation
	Annualized target EUR '000	Payable Calendar days[3]	Pro rata EUR '000	Annualized target EUR '000	Payable Calendar days[3]	Pro rata EUR '000	EUR '000
Dr. Henning Kreke	[4]60	141	23.12	[4]150	31	12.71	35.83

Ulrike Grabe[1]	[5]45	129	15.87	[5]100	31	8.47	24.34
Dr. Alexander Dibelius[2]	0	N/A	0	0	N/A	0	0
Ulrike Gaal[1]	30	129	10.57	60	31	5.08	15.65
Stefanie Hübner[1]	30	129	10.57	60	31	5.08	15.65
Peter König[1]	30	28	2.3	60	31	5.08	7.38
Vesna Mandalenakes[1]	30	129	10.57	60	31	5.08	15.65
Dr. Daniel Pindur[2]	0	N/A	0	0	N/A	0	0
Petra Ringer[1]	30	129	10.57	60	31	5.08	15.65
Can Toygar[2]	0	N/A	0	0	N/A	0	0
Orhan Akman[6]	30	101	8.28	N/A	N/A	N/A	8.28
Fritz Schulenburg[2][7]	0	N/A	0	0	N/A	0	0
Dr. Michael Hinderer[7]	30	141	11.56	60	31	5.08	16.64
[1] Employee representative; the employee representatives were appointed with effect as of January 22, 2024. [2] Renumeration waived. [3] Factor = xxx/366 calendar days unless defined differently. [4] Chairperson [5] Deputy Chairperson. [6] Left office when Supervisory Board was abolished at Douglas GmbH on January 9, 2024. [7] Left office with effect as of March 20, 2024. [8] Committees were only established with effect as of March 21, 2024 (Post-IPO), respective compensation is correspondingly not included in this table.							Total: 155.07

The following table shows the compensation awarded and due to the members of the Supervisory Board in financial year 2023/2024 pursuant to section 162, Paragraph 1, sentence 1 of the AktG for the period from the IPO until the end of the financial year 2023/2024.

	Fixed compensation Post-IPO Douglas AG March 21, 2024 – September 30, 2024			Total Compensation
	Annualized target EUR ’000	Payable days[3] Calendar	Pro rata EUR ’000	EUR ’000
Dr. Henning Kreke	[4]150 (Chairperson Supervisory Board)	194	79.51	111.31
	60 (Chairperson Executive Committee)	194	31.8	
Ulrike Grabe[1]	[5]100 (Deputy Chairperson Supervisory Board)	194	53.01	68.91
	30	194	15.9	

	(Member Executive Committee)			
Pamela Knapp	60 (Member Supervisory Board)	194	31.8	79.5
	60 (Chairperson Audit Committee)	194	31.8	
	30 (Member Executive Committee)	194	15.9	
Georgia Garinois	60 (Member Supervisory Board)	194	31.8	63.6
	30 (Member Audit Committee)	194	15.9	
	30 (Member Executive Committee)	194	15.9	
Dr. Alexander Dibelius[(2)]	0	N/A	0	0
Ulrike Gaal[(1)]	60 (Member Supervisory Board)	194	31.8	31.8
Stefanie Hübner[(1)]	60 (Member Supervisory Board)	194	31.8	47.7
	30 (Member Audit Committee)	194	15.9	
Peter König[(1)]	60 (Member Supervisory Board)	194	31.8	31.8
Vesna Mandalenakes[(1)]	60 (Member Supervisory Board)	194	31.8	31.8
Dr. Daniel Pindur[(2)]	0	N/A	0	0
Petra Ringer[(1)]	60 (Member Supervisory Board)	194	31.8	31.8
Can Toygar[(2)]	0	N/A	0	0
(1) Employee representative; the employee representatives were appointed with effect as of January 22, 2024. (2) Renumeration waived. (3) Factor = xxx/366 days unless defined differently. (4) Chairperson. (5) Deputy Chairperson.				Total: 498.2

VIII. COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF COMPENSATION AND EARNINGS

In accordance with the requirements of section 162, paragraph 1, sentence 2, number 2 AktG, the following table shows the compensation awarded and due for current members of the Management Board and Supervisory Board members, the average employee compensation, and selected financial performance indicators of Douglas AG. The presentation of the annual comparison will continue to be added in the reporting years ahead to illustrate the development of compensation and earnings in relation to each other and will cover the full five-year period for the first time in the 2027/2028 Compensation Report.

The value for the average employee compensation shown below is based on the Douglas AG full-time equivalent employee population in Germany.

		23/2024	22/23 vs. 23/2024
	Membership	Total in EUR '000	Change in %
Members of the Management Board			
Alexander van der Laan	since 2024	1,820.50	-21.61[1]
Mark Langer	since 2024	1,147.10	-19.57
Dr. Philipp Andrée	since 2024	1,123.02	2.42[1]
Member of the Supervisory Board			
Dr. Henning Kreke	since 2024	147.14	145.22
Ulrike Grabe	since 2024	93.25	107.19
Dr. Alexander Dibelius	since 2024	0	0
Ulrike Gaal	since 2024	47.45	58.20
Georgia Garinois-Melenikiotou	since 2024	63.60	N/A
Stefanie Hübner	since 2024	63.35	111.2
Pamela Knapp	since 2024	79.50	N/A
Peter König	since 2024	39.18	N/A
Vesna Mandalenakes	since 2024	47.45	58.2
Dr. Daniel Pindur	since 2024	0	0
Petra Ringer	since 2024	47.45	58.20
Can Toygar	since 2024	0	0
Fritz Schulenburg	until 03/2024	0	0
Orhan Akman	until 01/2024	8.28	-72.4
Dr. Michael Hinderer	until 03/2024	16.64	-44.54
Financial performance (EUR '000)			
Net Sales (DOUGLAS GROUP)		4,450.97	8.72
Adjusted EBITDA (DOUGLAS Group)		808.62	11.40
NWC-Ø (DOUGLAS Group)		234.41	10.83
Net income (Douglas AG pursuant to HGB)		-49,542	-120.03
Employees (EUR '000)			
Average compensation for employees		50.47	7.22

[1] Alexander van der Laan (appointment in October 2022) and Dr. Philipp Andrée (appointment in January 2023) were both appointed during the fiscal year 2022/2023; the Total Salary for fiscal year 2022/2023 and only earned starting from their appointment in FY 2022/2023.

Düsseldorf, December 17, 2024

Alexander van der Laan	Mark Langer	Dr. Philipp Andrée	Dr. Henning Kreke
CEO Chairman of the Management Board	CFO Member of the Management Board	CCO Member of the Management Board	Chairman of the Supervisory Board

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which is combined with the management report of Douglas AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected developments of the Group.

Düsseldorf, December 17, 2024

Douglas AG

The Management Board

Alexander van der Laan **Mark Langer** **Dr. Philipp Andrée**

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. The auditor does not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Independent Auditor's Reports

To Douglas AG, Düsseldorf

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of Douglas AG, Düsseldorf, and its subsidiaries (“Group”) – which comprise the consolidated statement of financial position as at 30 September 2024, consolidated statement of profit or loss, consolidated reconciliation from profit or loss to total comprehensive income, statement of changes in Group equity and consolidated statement of cash flows for the financial year from 1 October 2023 to 30 September 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Douglas AG and the Group (hereinafter “combined management report”) for the financial year from 1 October 2023 to 30 September 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

→ the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2024, and of its financial performance for the financial year from 1 October 2023 to 30 September 2024, and

→ the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the „Other Information“ section of the auditor’s report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are

independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2023 to 30 September 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of goodwill

Please refer to Section 4 in the notes to the consolidated financial statements („Accounting policies") for the disclosures on the accounting policies applied. Disclosures on the development of goodwill as well as impairment testing can be found in Note 12 and 16 to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 1,033.0 million as at 30 September 2024. At 23.1% of the total assets, goodwill accounted for a substantial share of Group's assets.

Goodwill is tested for impairment annually, irrespective of any indication of impairment, at country level or at the level of Parfumdreams/Niche Beauty. If impairment triggers arise during the financial year, an indicator-based impairment test is also carried out during the year. For impairment testing, the carrying amount is compared to the recoverable amount at country level or at the level of Parfumdreams/Niche Beauty. If the carrying amount exceeds the recoverable amount, a need to recognise an impairment loss arises. The recoverable amount is the higher of fair value less costs to sell and value in use of the goodwill-bearing unit. For the impairment test, the Company primarily determines the value in use and compares this with the respective carrying amount. The impairment test was carried out as at 30 September 2024.

The goodwill impairment test is complex and based on a number of assumptions requiring judgement. These include the expected revenue growth, EBITDA for the next three years, the growth rate and the discount rate used.

There is the risk for the consolidated financial statements that an existing need to recognise impairment losses is not identified. There is also a risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. To this end, we discussed the expected business and earnings development as well as the assumed long-term growth rates with those responsible for planning. We also carried out reconciliations with other internally available forecasts e.g. for tax purposes, and the budget prepared by management and approved by the Supervisory Board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

We also examined the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual earnings and by analysing deviations. We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the valuation performed by the Company using our own calculations and analysed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in revenue growth, EBITDA, the growth rate and the discount rate on the recoverable amount by calculating alternative scenarios and comparing these with the values stated by the Company.

Finally, we assessed whether the disclosures in the notes regarding the recoverability of goodwill are appropriate and complete.

OUR OBSERVATIONS

The valuation model underlying the impairment test of goodwill is appropriate and consistent with the applicable accounting policies.

The Company's assumptions and data underlying the measurement are appropriate.

The related disclosures in the notes are appropriate.

The recoverability of the acquired brands

Information on testing the acquired brands for impairment is found in Note 16 of the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

The acquired "Douglas" and "Nocibé" brands recognised under intangible assets amounted to EUR 707.1 million as at 30 September 2024. At 15.8% of total assets, they accounted for a substantial share of Group's assets.

Due to continual brand maintenance measures, the Company classified the "Douglas" and "Nocibé" brands as being intangible assets with indefinite useful lives. These brands are tested annually for impairment as corporate assets without specific indication. If there is an impairment trigger during the year, an indicator-based impairment test is also carried out during the year. The brands are allocated to the level of the national companies (each groups of cash-generating units) for the impairment test. These brands are to be principally tested at this level for impairment. Impairment testing is not required for the brands at the level of the group of cash-generating units when the recoverable amount of the brands is undoubtedly higher than its carrying amount and there is no objective evidence of impairment of the group of cash-generating units. The recoverable amount of the respective brand is the fair value (Level 3), which is calculated using an accepted valuation method (relief-from-royalty method).

Impairment testing of the acquired brands is complex and based on a range of assumptions that require judgement. These assumptions include primarily development of sales revenue, the royalty rate and the discount rate used.

There is the risk for the consolidated financial statements that an existing need to recognise impairment losses is not identified. There is also a risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model.

For this purpose, we discussed the expected revenue development with those responsible for planning. We also carried out reconciliations with other internally available forecasts e.g. for tax purposes, and the budget prepared by management and approved by the Supervisory Board. The appropriateness of the assumptions on revenue development and the determination of the royalty rate were assessed on the basis of external market analyses.

We also examined the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual earnings and by analysing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

In order to assess the mathematically correct implementation of the valuation method, we verified the valuation performed by the Company for computational accuracy.

Finally, we assessed whether the disclosures in the notes on the recoverability of the acquired brands are appropriate and complete.

OUR OBSERVATIONS

The calculation method used for impairment testing of the acquired brands is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and data underlying the measurement are appropriate.

The related disclosures in the notes are appropriate.

The amount and valuation of receivables from supplier bonuses and advertising subsidies

For information on the accounting policies applied, please refer to the section entitled "Accounting policies" on financial instruments in the notes to the consolidated financial statements. In addition, we refer to Note 20 on "Other financial assets".

THE FINANCIAL STATEMENT RISK

The consolidated statement of financial position as at 30 September 2024 reported receivables from supplier bonuses and advertising subsidies totalling EUR 190.2 million. The companies of the DOUGLAS Group conclude agreements with their suppliers on purchasing terms and conditions. Among other agreements, contracts are concluded on subsequent advertising subsidies, supplier bonuses and other payments granted by suppliers to Douglas. Depending on the manner and point in time at which the agreed payment is granted, financial performance and measurement of inventories are – besides the receivables from supplier bonuses and advertising subsidies – also affected by these

agreements. Recognition of these agreements in the statement of financial position and profit or loss partially necessitates estimates of the purchase volume for the entire calendar year as at the reporting date of 30 September in order to recognise and measure the receivables from supplier bonuses and advertising subsidies as at the reporting date.

There is the risk for the consolidated financial statements that receivables from supplier bonuses and advertising subsidies are recognised without a corresponding agreement. Furthermore, there is the risk for the consolidated financial statements that receivables from supplier bonuses and advertising subsidies are not recognised in the correct amount.

OUR AUDIT APPROACH

We examined the process for determining receivables from supplier bonuses and advertising subsidies as well as the establishment and design of the identified internal controls, and assessed the effectiveness of the relevant internal controls in terms of the amount and accuracy of receivables from supplier bonuses and advertising subsidies.

We verified the existence of the underlying agreements for a selection of receivables from supplier bonuses and advertising subsidies, and verified the recognition of supplier payments in the statement of financial position and the profit or loss statement by evaluating the contractual arrangements. To this end, we initially took a representative sample and then augmented this with a deliberate selection. We checked the underlying assumptions and data for recognition of the receivables from the supplier bonuses. Furthermore, we compared the prior year's estimates with the recognised amounts in order to assess the reliability of past estimates.

OUR OBSERVATIONS

The Group has essentially established an appropriate method for determining receivables from supplier bonuses and advertising subsidies. The Company's assumptions, estimates and data are appropriate.

Other Information

The Management Board and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

→ the combined non-financial statement for the Company and the Group, which is contained in the "Combined non-financial statement" of the combined management report,

→ the combined corporate governance statement of the Company and the Group, which is contained in the "Corporate governance statement" section of the combined management report, and

→ information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

→ is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

→ otherwise appears to be materially misstated.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material

misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

→ Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

→ Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

→ Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.

→ Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

→ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

→ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

→ Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

→ Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „douglasag-2024-09-30-de.zip" (SHA256-Hashwert: 20cd12fb66fac0086fc619cf591a20675f41c763fa12d4d9144c0b7ec66aaba3) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 October 2023 to 30 September 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

→ Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

→ Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

→ Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

→ Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.

→ Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the shareholders' meeting on 2 February 2024. We were engaged by the Chairperson of the Supervisory Board on 10 March 2024. We have been the group auditor of Douglas AG without interruption since financial year 2021/2022. Since the initial public offering in financial year 2023/2024, the entity meets the definition of public interest entity within the meaning of Section 316a (2) HGB.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German company register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Timo Pütz.

Köln, 17 December 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

[signature] Pütz	[signature] Coir
Wirtschaftsprüfer	Wirtschaftsprüfer

Disclaimer on forward-looking statements

This annual report contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events at the date of the annual report. Statements made using forward-looking terminology such as "aim", "anticipate", "expect", "intend", "plan", "predict", "project" and "seek" or the negative of these words are an indication of forward-looking statements.

The forward-looking statements contained in the annual report are based on our current estimates and forecasts. They are based on assumptions, such as constant exchange rates, and are subject to risks, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual circumstances - including with respect to our business, results of operations, financial condition, cash flows and prospects - to differ materially from or not to meet the expectations expressed or implied by the forward-looking statements. Even if our future results are in line with the expectations expressed herein, they are not indicative of results in subsequent periods. The forward-looking statements contained in the annual report are only valid at the time of preparation of the annual report. We do not assume any obligation to update the forward-looking statements made in this report beyond the statutory requirements.

Note on the report language

This annual report is published in German and English. In the event of any discrepancies between the published language versions, the German version shall take precedence over the English version.

For technical reasons, there may be discrepancies between the financial statements contained in this document and the financial statements published in accordance with statutory requirements.

This document does not constitute investment advice or an offer, recommendation or solicitation to buy, sell or subscribe for securities and should not be construed as such. The document is not intended to serve as a basis for a valuation of securities or other financial instruments.

Financial calendar

February 13, 2025

Interim statement for the first quarter of 2024/25, October 01, 2024 - December 31, 2024

February 19, 2025

Annual General Meeting for the 2023/2024 financial year, October 1, 2023 - September 30, 2024

May 15, 2025

Half-year financial report 2024/25, October 01, 2024 - March 31, 2025

August 14, 2025

Interim statement for the third quarter 2024/25, April 1, 2025 - June 30, 2025

December 18, 2025

Annual report for the fiscal year 2024/25, October 1, 2024 - September 30, 2025

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