Half-year financial report

6M FY 2023/24

DOUGLAS

Half-year financial report FY 2023/24

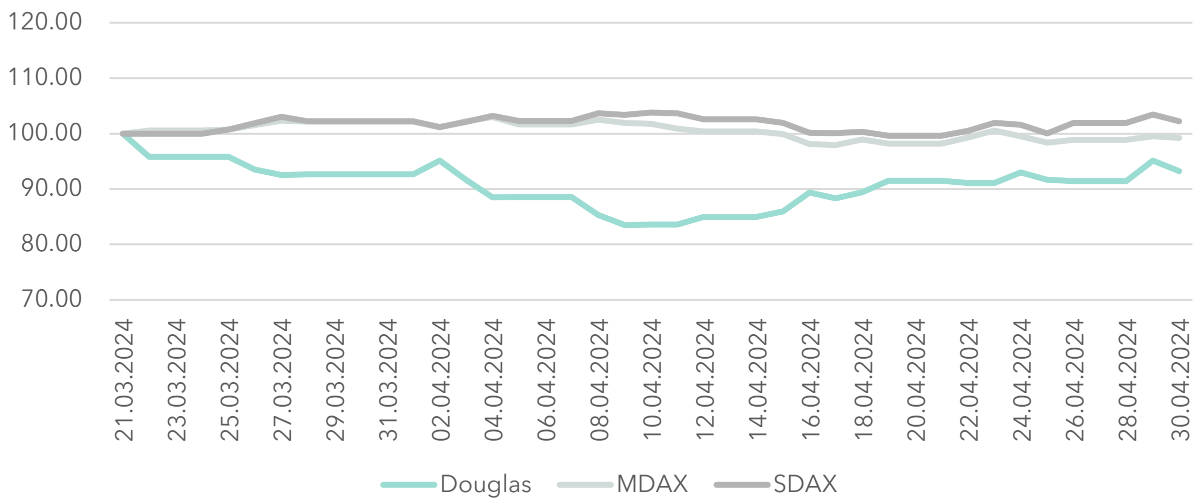
Contents

DOUGLAS on the capital market

Performance of the share price and relevant indices

In the reporting period from October 2023 to March 2024, the German stock market trended upwards, albeit in an increasingly volatile environment. While previously negative factors such as high inflation, the resulting rise in central bank interest rates and concerns about a recession in Germany receded into the background, the start of the war in Gaza in October led to renewed uncertainty. After the German lead indices initially fell at the beginning of October 2023 and volatility, as measured by the VDAX-NEW, rose significantly, this was followed by a phase of rising index values and falling volatility. In addition to a positive reporting season for German companies, the expectation that the European Central Bank and the Federal Reserve Bank in the USA would soon cut interest rates also contributed to this. However, these expectations were disappointed in March 2024, whereupon volatility rose again significantly. Furthermore, the attacks by Houthi rebels on merchant ships in the Red Sea were an additional negative factor for supply chains and economic development, particularly in export-oriented Germany.

Share price performance since listing (March 21, 2024 - April 30, 2024), indexed

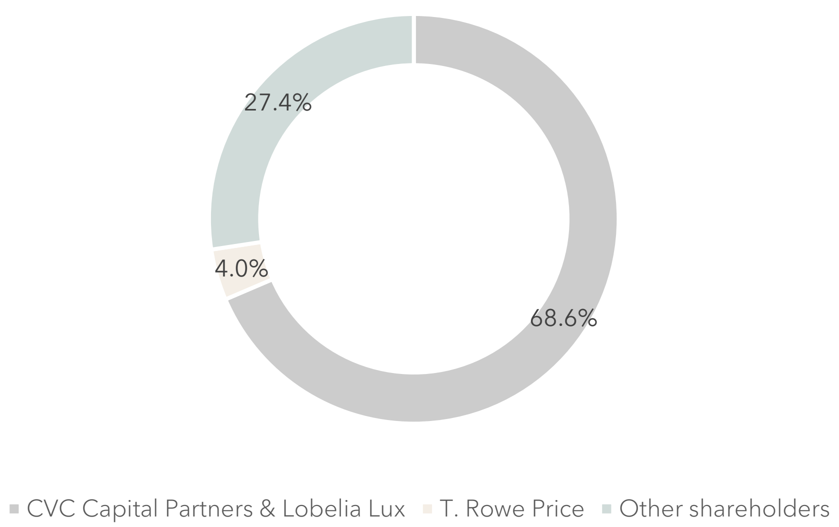


The IPO of DOUGLAS AG took place in this environment on March 21, 2024. With the VDAX-NEW, the index that measures volatility and thus indirectly uncertainty in the market, at its lowest level on this day, a significant increase in uncertainty began, which lasted until mid-April 2024. Mixed and in some cases negative signals also came from the premium beauty retail sector. The DOUGLAS share price initially fell significantly. By the end of the reporting period, DOUGLAS shares had lost 7.8%, while the MDAX and SDAX each gained 2.2%.

Shareholder structure

As a result of the IPO and the associated capital increase through the issue of new shares, the stake held by previous shareholders fell significantly from 100% to a cumulative 68.6%. In addition, T. Rowe Price acquired a 4.0% stake during the IPO, thereby exceeding the statutory reporting threshold of 3%. As a result, 27.4% of DOUGLAS shares were with other institutional and private shareholders as of the reporting date, the free float amounted to 31.4%.

Shareholder structure as at March 31, 2024



Basic data on the Douglas share

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)

INTERIM GROUP MANAGEMENT REPORT

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. Our strategy is based on four clearly defined strategic pillars:

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

   To stay or become the leading beauty destination in all our markets, we want to continue to invest in our brand. To this end, we will leverage the full potential of our revised brand positioning and rebalance the marketing spend for our brand. In addition, we are focusing on social media and social commerce as well as developing our next-generation customer relationship management based on a holistic strategy to improve customer relationship management in order to strengthen customer value through personalized customer activation. In addition, our integrated ESG strategy is another important lever for achieving our leadership ambition.

2. Offer the most relevant and distinctive brand assortment

   We want to further improve our range by adding new product categories and strengthening existing product categories such as skincare, color cosmetics and haircare to profit from future market growth in these categories. To achieve this, we are developing a clear product range and brand strategy and improving our partner program. We are also further expanding our beauty services, adapting our well-developed pricing and promotion strategy and optimize our range of brands.

3. Offering the most customer-friendly omnichannel experience

   We want to provide the most customer-friendly omnichannel experience by improving the seamless customer experience across our physical and digital channels. To achieve this, we plan to expand and modernize our store network and develop an omnichannel customer service strategy based on a standardized, technology-driven approach that is organized across Europe.

4. Further development of a focused and efficient operating model

   To further increase operational excellence, we plan to continue investing in our supply chain and our underlying technology infrastructure to achieve greater standardization and automation and to further develop a focused and efficient operating model across all channels. We intend to simplify structures and processes to enable faster decision-making and better accountability, as well as reduce regionalization, particularly in the supply chain and back offices, without inhibiting local entrepreneurship, by taking a Group-wide supply chain approach and investing in our technology and data processing capabilities.

With this strategy, we believe the DOUGLAS Group is well positioned to exploit the opportunities of the resilient premium beauty market and achieve our medium-term goals.

Economic environment and sector development

ECONOMIC ENVIRONMENT

Economic momentum in the eurozone was subdued in the first half of our financial year. Gross domestic product fell by 0.1% in the period from October 1, 2023 to December 31, 2023[1] and rose by a marginal 0.3% in the first quarter of the 2024 calendar year[2]. Nevertheless, this low growth was the strongest since the third quarter of 2022. Negative factors included the ongoing geopolitical uncertainties, a persistently high level of key interest rates and an inflation rate that was still quite high, at least at the start of the reporting period.

However, the inflation rate fell continuously from 4.3%[3] in September 2023 to 2.4%[4] in March 2024, thereby moving towards the 2% target set by the European Central Bank. However, core inflation, i.e. the inflation rate excluding volatile food and energy prices, remained well above the 2% target at 2.9%[5]

Despite these dampening factors, consumer confidence[6] continued to improve and, at -14.9 points in March 2024, was once again well above both the low point at the start of the coronavirus pandemic (-24.8 points) and the all-time low in September 2022 (-28.6 points), a low that was largely a consequence of the Russian war of aggression against Ukraine in February 2022.

SECTOR DEVELOPMENT

In contrast, the premium beauty sector in DOUGLAS' six largest markets (Germany, France, Italy, the Netherlands, Poland and Spain) once again showed robust growth and proved its resilience. The overall market - consisting of the fragrance, hair care, color cosmetics, skin care and other categories - grew by 8.7% in the reporting period[7] and thus faster than the expected long-term average annual growth of 5.4%[8].

The hair care segment was by far the fastest-growing category in the reporting period, with an increase of almost 20%. The trend towards higher-quality hair care products purchased from specialist retailers thus continued unabated, although the category's share remains in the low single-digit range at DOUGLAS. The color cosmetics segment also saw double-digit growth, accounting for around 20% of the market. Fragrances, the largest category with a share of over 50%, and skin care (around 20% of the market) each grew by around 7%.

[1-5] Source: Eurostat
[6] Source: European Commission
[7] Source: Panel data from Circana, Nielsen IQ and Market Vector; definition of Premium Beauty varies between countries, in some cases mass brands sold in perfumeries are included in the panel (DE, IT, NL, PL)
[8] Source: OC&C Strategy Consultants, "Premium Beauty Market - Market Study", February 2024

Net assets, financial position and results of operations

RESULTS OF OPERATIONS

The DOUGLAS Group generated **Group sales (net)** of EUR 2,514.0 million in the first half of the 2023/24 financial year, representing an increase of 9.3% compared to the same half of the previous year (H1 2022/23: EUR 2,300.3 million). Like-for-like sales (net) increased by 8.7%. This makes it the strongest first half-year in the history of the DOUGLAS Group in terms of sales (net). All segments contributed to this growth with a positive performance, particularly the DACHNL (+10.5%) and Central Eastern Europe (+19.0%) segments. A look at the store and E-Com business thus shows strong growth rates: while the store business increased by 8.6% in the first half of the year compared to the previous year, sales (net) in the E-Com business rose by 10.7%. This means that 66.4% of sales (net) in the first half of the year were generated in the store business and 33.6% in the E-Com business.

The sales (net) growth of 9.3% was mainly due to a sharp increase in the number of visitors to the DOUGLAS Group's stores, a large number of whom DOUGLAS was able to convert into customers at a slightly lower conversion rate. Basket sizes in the store business remained stable compared to the previous year.

In the E-Com business, the DOUGLAS Group recorded a slight increase in visitors to its online stores. Thanks to a stable conversion rate compared to the previous year and increased basket sizes, sales (net) rose from 763.5 million euros in the previous year to 845.2 million euros, an increase of 10.7%.

Sales (net)	01.10.2022 - 31.03.2023	01.10.2023 - 31.03.2024
DACHNL	1,038.3	1,147.4
France	486.1	503.8
Southern Europe	356.1	376.1
Central and Eastern Europe	304.1	361.8
Parfumdreams/Niche Beauty	86.6	106.9
Reconciliation to Douglas Group	29.1	18.1
DOUGLAS Group	2,300.3	2,514.0

In the largest segment, **DACHNL,** sales (net) increased from EUR 1,038.3 million in the previous half year to EUR 1,147.4 million in the current half year (+10.5%). Both the store business and the E-Com business contributed to this growth. In the DACHNL segment, the number of visitors to the stores rose particularly sharply, which can be attributed to the attractiveness of the product range and the quality of the advice provided. This also resulted in more customers, who in turn slightly increased their basket sizes. A similar picture emerged in the E-Com business, with the number of visitors to online stores rising sharply, which also led to an increase in orders. Basket sizes also increased.

In **France**, the second-largest segment, sales (net) increased from EUR 486.1 million in the first half of the previous year to EUR 503.8 million in the current half-year (+3.6%). Similar growth figures were recorded in both the E-Com and store business. The DOUGLAS Group also recorded an increase in the number of visitors to its stores in France, which in turn led to an increase in the number of customers. Basket sizes also increased in the first half of the year. The E-Com business showed similar trends. Higher visitor numbers in the online store and increased basket sizes led to slight growth here.

The **Southern Europe** segment recorded an increase in sales (net) from EUR 356.1 million to EUR 376.1 million (+5.6%) in the first half of the year. Growth was driven by very good store business, with a particularly strong increase in visitor and customer numbers. This more than compensated for the decline in basket sizes. However, a different picture emerged in the online business, with falling sales driven primarily by the focus on profitable sales as well as lower visitor numbers in the online stores. This could not be compensated for by the sharp rise in basket sizes.

The Central and Eastern Europe segment achieved the second-largest growth rate in the DOUGLAS Group. Sales (net) rose from 304.1 million euros in the first half of the previous year to 361.8 million euros in the current half-year (+19.0%). High growth figures were achieved in both the store and E-Com business. The DOUGLAS Group welcomed significantly more visitors to its stores in Central and Eastern Europe, which also led to more customers. Basket sizes also increased significantly in the first half of the financial year. In the E-Com business, both the number of orders and basket sizes increased, leading to a significant rise in sales (net).

The Parfumdreams/Niche Beauty segment achieved the largest percentage growth in the Group, with sales (net) rising from EUR 86.6 million to EUR 106.9 million (+23.4%). The number of orders remained at a constant level. However, a strong increase in basket sizes led to a significant increase in turnover.

Adjusted EBITDA	01.10.2022 - 31.03.2023	01.10.2023 - 31.03.2024
DACHNL	228.9	243.0
France	114.1	117.8
Southern Europe	80.9	93.3
Central and Eastern Europe	83.3	99.3
Parfumdreams/Niche Beauty	3.5	8.6
Reconciliation to Douglas Group	-75.9	-67.9
DOUGLAS Group	435.0	494.2

The Douglas Group's **adjusted EBITDA** increased from EUR 435.0 million in the first half of the previous year to EUR 494.2 million in the first half of the 2023/24 financial year, which corresponds to an increase of 13.6%. This positive development is attributable to several factors. A higher gross margin was achieved thanks to a successful pricing and purchasing strategy. In addition, marketing costs remained stable in relation to sales (net). Another stabilizing factor was the fact that personnel costs remained constant in relation to sales (net). The logistics cost ratio also remained constant. Finally, the ratio of other operating expenses to sales (net) improved.

In the **DACHNL** segment, adjusted EBITDA increased from € 228.9 million to € 243.0 million (+6.2%) and therefore rose less strong than sales. The main driver for this was the lower supplier bonus in relation to procurement costs in the first half of the financial year.

In the **France** segment, adjusted EBITDA increased from EUR 114.1 million to EUR 117.8 million (+3.2%). The increase in adjusted EBITDA is therefore slightly lower than the increase in sales (net) in the first half of the financial year. This is also due to a slightly lower supplier bonus in relation to procurement costs and a slight increase in personnel costs in relation to sales (net).

The **Southern Europe** segment increased its adjusted EBITDA by 15.3%, from EUR 80.9 million to EUR 93.3 million. Due to higher supplier bonuses in relation to procurement costs, lower marketing costs in relation to sales (net) and a lower personnel cost ratio, adjusted EBITDA increased more significantly than sales (net).

The **Central and Eastern Europe** segment achieved the second-largest percentage growth in adjusted EBITDA at 19.2%, with adjusted EBITDA rising from EUR 83.3 million to EUR 99.3 million. While other operating expenses increased, the gross margin improved slightly. Thanks to consistent cost management, marketing, personnel and logistics costs remained stable in relation to sales (net).

The **Parfumdreams/Niche Beauty** segment also achieved the highest growth in adjusted EBITDA, with adjusted EBITDA more than doubling (+145.8%) from EUR 3.5 million in the previous half year to EUR 8.6 million. This increase was mainly driven by higher supplier bonuses, lower marketing costs, a lower personnel cost ratio and lower other operating expenses in relation to sales (net).

Income statement

	10/01/2023-03/31/2024 EUR m	10/01/2022-03/31/2023 EUR m	01/01/2024-03/31/2024 EUR m	01/01/2023-03/31/2023 EUR m
Sales (net)	**2,514.0**	**2,300.3**	**958.4**	**859.7**
Cost of raw materials, consumables and supplies and merchandise	-1,375.8	-1,274.0	-513.9	-466.9
Gross Profit	**1,138.1**	**1,026.3**	**444.6**	**392.9**
Other operating income	164.5	168.8	66.2	70.0
Personnel expenses	-355.9	-322.4	-181.2	-158.0
Other operating expenses	-521.7	-466.1	-222.9	-194.5
EBITDA	**425.0**	**406.7**	**106.6**	**110.4**
Amortization/depreciation/impairment	-172.6	-159.5	-85.3	-79.8
EBIT	**252.3**	**247.2**	**21.3**	**30.7**
Finance income	41.1	12.6	26.3	7.3
Finance expenses	-171.4	-151.6	-76.3	-77.2
Finance result	**-130.3**	**-139.0**	**-50.0**	**-69.9**
EBT	**122.0**	**108.2**	**-28.7**	**-39.3**
Income taxes	-38.2	-37.2	-12.6	-2.9
Profit (+) or Loss (-) of the period (Net Income)	**83.9**	**71.0**	**-41.3**	**-42.2**
Attributable to owners of the parent	83.9	71.0	-41.3	-42.2
Earnings per share in EUR (basic = diluted)	0.78	0.55	-0.38	-0.39

DOUGLAS achieved a disproportionately low increase in the cost of purchased goods (-1,375.8 million euros, previous year -1,274.0 million euros), which led to higher gross profit growth of 10.9% from 1,026.3 million euros to 1,138.1 million euros and thus an increase in the gross profit margin from 44.6% to 45.3%. Other operating income fell slightly from EUR 168.8 million to EUR 164.5 million, as the supplier bonus for some suppliers is now deducted directly from the cost of purchased goods due to a change in supplier contracts, whereas it was previously received as income below gross profit.

The significant increase in personnel expenses from -322.4 million euros to -355.9 million euros is primarily due to the IPO and the resulting faster vesting of remunerations under the management participation program and other associated one-off payments. In addition, DOUGLAS employed more temporary staff during the successful Christmas quarter than in the prior year.

In terms of other operating expenses, the continued strong growth of the store business in particular led to an increase in logistics costs. This item also includes non-personnel-related costs for the IPO of DOUGLAS AG. As a result, this expense item increased from -466.1 million euros to -521.7 million euros.

The IPO was accompanied by increased one-off costs. These are made up of direct costs, in particular consulting costs, as well as the costs for the faster vesting of remunerations under the management participation program. In the first half of the year, these one-off costs amounted to a total of EUR 37.0 million (previous year: EUR 5.2 million) and were the main reason that EBITDA only increased by 4.5% to EUR 425.0 million (previous year: EUR 406.7 million) despite the strong sales growth.

Adjustments to EBITDA of EUR 69.2 million were made in the first half of the 2023/24 financial year (previous year: EUR 28.2 million). These adjustments primarily related to consulting costs in connection with the IPO and the "Let it Bloom - DOUGLAS 2026" strategy. The expenses incurred for the management participation program were another adjustment item. In addition, DOUGLAS made an allocation to a provision in the first quarter for the dispute with former minority shareholders of the old DOUGLAS AG, which has been pending since 2013. Adjusted EBITDA rose from 435.0 million euros to 494.2 million euros, an increase of 13.6%.

Depreciation and amortization increased by 8.2% from EUR 159.5 million to EUR 172.6 million, which is primarily due to the expansion of the store network. No value adjustments were made. Earnings before interest and taxes therefore rose by 2.1% from EUR 247.2 million to EUR 252.3 million.

The **financial result** improved by 6.3% from EUR -139.0 million to EUR -130.3 million. This is due in particular to the valuation of embedded derivatives in the DOUGLAS bonds. Overall, this led to an increase in pre-tax profit of 12.8% to EUR 122.0 million (previous year: EUR 108.2 million). At 31.3%, the **tax rate** was lower than in the previous year (34.4%) due to the utilization of loss carryforwards. Overall, **net income** rose from EUR 71.0 million to EUR 83.9 million in the first half of the year, which corresponds to an increase of 18.1%.

FINANCIAL POSITION

Cash flow statement

Shortened cash flow statement	01.10.2022 - 31.03.2023	01.10.2023 - 31.03.2024
Net cash flow from operating activities	285.8	415.9
Net cash flow from investing activities	-47.9	-52.5
Free cash flow	237.8	363.4
Net cash flow from financing activities	-246.3	190.6
Net change in cash and cash equivalents	-8.5	554.0

The cash inflow from operating activities increased significantly in the reporting period from EUR 285.8 million to EUR 415.9 million (+45.5%). In addition to the improved earnings before interest, taxes, depreciation and amortization, this increase was influenced by two factors in particular: on the one hand, the cash outflow from net working capital was reduced by 99.0 million euros, which is attributable to the improved supply chain management as part of the "Let it Bloom - DOUGLAS 2026" strategy, the further implementation of optimization software for inventory management as well as the usual seasonality in liquidity. This was offset by higher taxes of 32.5 million euros (previous year: 16.9 million euros), which resulted, among other things, from higher advance tax payments in some countries.

Investments as part of the "Let it Bloom - DOUGLAS 2026" strategy led to an 8.8% increase in investment payments (54.1 million euros, previous year 49.7 million euros).

Free cash flow increased significantly by 52.8% from EUR 237.8 million to EUR 363.4 million, in particular due to the high cash inflow from operating activities.

The cash inflow from financing activities is influenced by the IPO, the resulting proceeds and the repayment of a part of the old financing structure. As at the reporting date of March 31, 2024, the previous syndicated loan (Senior Secured Term Loan Facility) had already been repaid in full, while the Senior Secured Notes and the Senior PIK Notes were not repaid until April 15, 2024. As a result, the cash inflow from financing activities and the resulting cash and cash equivalents at the end of the first half of 2023/24 were significantly higher than in the previous year.

Investments

The "Let it Bloom - DOUGLAS 2026" strategy provides for further investments in the company's omnichannel capabilities. In this context, the DOUGLAS Group strengthened its store business in the first half of 2023/24 by opening 24 new stores (net 10 stores) and refurbishing 37 stores. At just under two-thirds, the largest share of investments was made in the store business. DOUGLAS also invested in the completion of a Group-wide standardized IT core system and the improvement of the digital and store experience. The aim is to activate customers across all channels, implement more efficient processes and make better business decisions. In total, the company invested EUR 44.2 million, 30.5% more than in the same period of the previous year (EUR 33.8 million).

Net debt

Net debt	31.03.2023	31.03.2024
Senior Secured Notes	1,331.2	1,334.2
Senior PIK Notes	567.1	590.1
Term Loan B	666.7	0.0
RCF	-3.0	-1.8
Other borrowings	1.2	1.5
Finance liabilities	2,563.2	1,924.1
Lease liabilities within the meaning of IFRS 16	1,077.4	1,042.9
Total	3,640.6	2,967.1
Cash	238.2	818.6
Net debt	3,402.4	2,148.4

Leverage	31.03.2023	31.03.2024
Net debt	3,402.4	2,148.4
Adjusted EBITDA last twelve months	677.7	785.1
Leverage	5.0	2.7

THE DOUGLAS Group's net debt was significantly reduced as a result of the IPO and the associated cash inflows and amounted to 2,148.4 million euros (previous year: 3,123.9 million euros) as at the balance sheet date, which corresponds to a reduction of 31.2%. However, the final capital structure at the end of the reporting period had not yet been established and was therefore not yet reflected in the balance sheet. Although the previous syndicated loan (Senior Secured Term Loan Facility) had already been repaid in full, the Senior Secured Notes and the Senior PIK Notes were not repaid until April 15, 2024 and the new syndicated loan was drawn down for that. IFRS 16 lease liabilities remained relatively stable at EUR 1,042.9 million (previous year: EUR 1,077.4 million) (-3.2%). The leverage ratio, expressed as net debt in relation to adjusted EBITDA for the last 12 months, fell significantly from 5.0x to 2.7x.

NET ASSETS

Balance sheet

Assets

	03/31/2024 EUR m	03/31/2023 EUR m	09/30/2023 EUR m
Non-current assets			
Goodwill	1,032.3	1,039.1	1,028.4
Other intangible assets	824.4	811.0	823.7
Property, plant and equipment	223.4	206.0	223.4
Right-of-use assets from leases	963.0	1,004.5	1,003.4
Other financial assets	11.8	12.3	42.5
Deferred tax assets	11.5	9.7	9.9
	3,066.3	3,082.7	3,131.1
Current assets			
Inventories	776.6	774.4	762.6
Trade accounts receivable	54.7	43.5	36.9
Tax receivables	34.2	41.5	26.6
Other financial assets	255.2	197.6	216.4
Other assets	63.4	44.4	60.6
Cash	818.6	238.2	262.3
	2,002.7	1,339.6	1,365.3
Assets held for sale	0.5	0.0	0.0
Total	5,069.6	4,422.3	4,496.4

As at March 31, 2024, total assets were 14.6% higher than in the previous year and 12.7% higher than at the end of the financial year on September 30, 2023. This increase is primarily due to the IPO, the associated cash inflows and changes in the capital structure. It should be noted that the final capital structure had not yet been established and recognized in the balance sheet at the end of the reporting period, meaning that cash and cash equivalents and financial liabilities do not yet reflect the future picture. The share of current assets increased to 38.5% (September 30, 2023: 30.4%), in particular due to the cash inflows from the IPO, while the share of non-current assets decreased to 61.5% (September 30, 2023: 69.6%). The DOUGLAS Group's equity ratio was 15.1% as at the balance sheet date.

Equity and Liabilities

	03/31/2024 EUR m	03/31/2023 EUR m	09/30/2023 EUR m
Equity			
Capital stock	107.7	0.0	0.0
Additional paid-in capital	2,066.8	326.0	326.0
Other reserves	-1,407.4	-1,538.0	-1,581.3
	767.1	-1,212.0	-1,255.2
Non-current liabilities			
Pension provisions	26.6	27.8	27.0
Other non-current provisions	53.8	46.6	51.4
Other financial liabilities	807.0	4,068.5	4,111.5
Other liabilities	4.1	4.6	4.1
Deferred tax liabilities	111.5	173.9	177.4
	1,003.1	4,321.4	4,371.4
Current liabilities			
Current provisions	97.2	82.5	89.0
Trade accounts payable	580.3	555.2	617.6
Tax liabilities	114.5	114.7	77.4
Other financial liabilities	2,187.7	269.8	304.4
Other liabilities	311.9	290.6	292.0
	3,291.6	1,312.8	1,380.3
Liabilities related to assets held for sale	7.8	0.0	0.0
Total	5,069.6	4,422.3	4,496.4

Net working capital

Net working capital	31.03.2023	31.03.2024
Inventories	774.4	776.6
Trade accounts receivable and receivables from payment service providers	68.6	87.8
Trade accounts payable	-555.2	-580.3
Miscellaneous	-30.9	-42.7
Net working capital	257.0	241.4

Net working capital decreased by 6.0% compared to the same period of the previous year despite the significant increase in sales (net). Inventories remained stable and benefited from improved inventory management. Trade receivables and receivables from payment service providers also increased due to higher sales (net), while trade payables rose. The increase in miscellaneous is almost exclusively due to a higher number of vouchers not yet redeemed, which customers purchased for gift-giving occasions such as Christmas and Easter. Average net working capital amounted to 5.5% of net sales in the first half of the year and was therefore higher than in the previous year (4.4%). Inventory turnover remained almost stable at 125 days (previous year: 124).

Outlook

The implementation and realization of the "Let it Bloom - DOUGLAS 2026" growth strategy already bore fruit in the first half of the 2023/24 financial year. The DOUGLAS Group is therefore sticking to its targets for the current 2023/24 financial year.

The company expects sales (net) to grow by around 7%, to which the stores should contribute with mid single-digit growth and online activities with high single-digit growth. DOUGLAS is sticking to its consistent cost discipline. The aim is to increase the adjusted EBITDA margin to a level of around 18.5%.

The current financial year is still influenced by special effects, in particular the IPO, including the faster vesting of remunerations under the management participation program as well as further one-time costs. DOUGLAS therefore expects adjustments of up to around 90 million euros for the current 2023/24 financial year.

Risk report

The chances and risks presented in the risk report of the Group management report for the 2022/23 financial year continue to represent the current status, no further significant chances or risks arose in the current reporting period.

Interim Consolidated Financial Statements

of Douglas AG (formerly Kirk Beauty A GmbH)

for the first half-year 2023/24

Interim Consolidated Statement of Profit or Loss

of Douglas AG for the reporting period from 1 October 2023 to 31 March 2024

	10/01/2023-03/31/2024 EUR m	10/01/2022-03/31/2023 EUR m	01/01/2024-03/31/2024 EUR m	01/01/2023-03/31/2023 EUR m
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Gross Profit	**1,138.1**	**1,026.3**	**444.6**	**392.9**
Other operating income	164.5	168.8	66.2	70.0
Personnel expenses	-355.9	-322.4	-181.2	-158.0
Other operating expenses	-521.7	-466.1	-222.9	-194.5
EBITDA	**425.0**	**406.7**	**106.6**	**110.4**
Amortization/depreciation/impairment	-172.6	-159.5	-85.3	-79.8
EBIT	**252.3**	**247.2**	**21.3**	**30.7**
Finance income	41.1	12.6	26.3	7.3
Finance expenses	-171.4	-151.6	-76.3	-77.2
Finance result	**-130.3**	**-139.0**	**-50.0**	**-69.9**
EBT	**122.0**	**108.2**	**-28.7**	**-39.3**
Income taxes	-38.2	-37.2	-12.6	-2.9
Profit (+) or Loss (-) of the period (Net Income)	**83.9**	**71.0**	**-41.3**	**-42.2**
Attributable to owners of the parent	83.9	71.0	-41.3	-42.2
Earnings per share in EUR (basic = diluted)	0.78	0.55	-0.38	-0.39

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Douglas AG for the reporting period from 1 October 2023 to 31 March 2024

	10/01/2023-03/31/2024 EUR m	10/01/2022-03/31/2023 EUR m	01/01/2024-03/31/2024 EUR m	01/01/2023-03/31/2023 EUR m
Profit (+) or Loss (-) of the period (Net Income)	83.9	71.0	-41.3	-42.2
Other comprehensive income after tax				
Items that are reclassified or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences arising from the translation of financial statements from foreign operations	9.0	5.7	-0.5	1.9
Items that are not reclassified to profit or loss				
Other comprehensive income after tax	9.0	5.7	-0.5	1.9
Total comprehensive income	92.9	76.8	-41.8	-40.3
Attributable to owners of the parent	92.9	76.8	-41.8	-40.3

Interim Consolidated Statement of Financial Position

of Douglas AG as of 31 March 2024 with comparative reporting date and as of 30 September 2023

Assets

	03/31/2024 EUR m	03/31/2023 EUR m	09/30/2023 EUR m
Non-current assets			
Goodwill	1,032.3	1,039.1	1,028.4
Other intangible assets	824.4	811.0	823.7
Property, plant and equipment	223.4	206.0	223.4
Right-of-use assets from leases	963.0	1,004.5	1,003.4
Other financial assets	11.8	12.3	42.5
Deferred tax assets	11.5	9.7	9.9
	3,066.3	3,082.7	3,131.1
Current assets			
Inventories	776.6	774.4	762.6
Trade accounts receivable	54.7	43.5	36.9
Tax receivables	34.2	41.5	26.6
Other financial assets	255.2	197.6	216.4
Other assets	63.4	44.4	60.6
Cash	818.6	238.2	262.3
	2,002.7	1,339.6	1,365.3
Assets held for sale	0.5	0.0	0.0
Total	5,069.6	4,422.3	4,496.4

Equity and Liabilities

	03/31/2024 EUR m	03/31/2023 EUR m	09/30/2023 EUR m
Equity			
Capital stock	107.7	0.0	0.0
Additional paid-in capital	2,066.8	326.0	326.0
Other reserves	-1,407.4	-1,538.0	-1,581.3
	767.1	-1,212.0	-1,255.2
Non-current liabilities			
Pension provisions	26.6	27.8	27.0
Other non-current provisions	53.8	46.6	51.4
Other financial liabilities	807.0	4,068.5	4,111.5
Other liabilities	4.1	4.6	4.1
Deferred tax liabilities	111.5	173.9	177.4
	1,003.1	4,321.4	4,371.4
Current liabilities			
Current provisions	97.2	82.5	89.0
Trade accounts payable	580.3	555.2	617.6
Tax liabilities	114.5	114.7	77.4
Other financial liabilities	2,187.7	269.8	304.4
Other liabilities	311.9	290.6	292.0
	3,291.6	1,312.8	1,380.3
Liabilities related to assets held for sale	7.8	0.0	0.0
Total	5,069.6	4,422.3	4,496.4

As at the reporting date, the capital stock (share capital) of Douglas AG amounted to 107,692,308.00 euros, divided into 107,692,308 no-par value bearer shares with equal rights and a pro rata amount of share capital of 1.00 euro each. The profit shares of the shareholders are determined according to the ratio of their shares in the share capital (as at the reference date or September 30, 2023, the subscribed share capital amounted to EUR 48,785.00).

Interim Statement of Changes in Group Equity

of Douglas AG for the reporting period from 1 October 2023 to 31 March 2024

			Other reserves			
	Capital stock EUR m	Additional paid-in capital EUR m	Retained earnings EUR m	Actuarial gains or losses EUR m	Differences from currency translation EUR m	Equity attributable to owners of the parent EUR m
10/01/2023	0.0	326.0	-1,575.4	3.2	-9.2	-1,255.3
Currency translation					9.0	9.0
Other comprehensive income after tax					9.0	9.0
Profit (+) or Loss (-) of the period (Net Income)			83.9			83.9
Total comprehensive income			83.9		9.0	92.9
Capital increase	107.6	1,740.9	0.0			1,848.5
Allocation to retained earnings as part of the contribution of the shareholder loan			66.8			66.8
Share-based Payment			14.2			14.2
Transactions with shareholders	107.6	1,740.9	81.0		0.0	1,929.5
03/31/2024	107.7	2,066.8	-1,410.6	3.2	-0.1	767.1

			Other reserves			
	Capital stock EUR m	Additional paid-in capital EUR m	Retained earnings EUR m	Actuarial gains or losses EUR m	Differences from currency translation EUR m	Equity attributable to owners of the parent EUR m
10/01/2022	0.0	326.0	-1,607.9	2.8	-14.9	-1,293.9
Currency translation			0.0		5.7	5.7
Other comprehensive income after tax			0.0	0.0	5.7	5.7
Profit (+) or Loss (-) of the period (Net Income)			71.0			71.0
Total comprehensive income			71.0	0.0	5.7	76.7
Share-based Payment			5.2			5.2
Transactions with shareholders			5.2			5.2
03/31/2023	0.0	326.0	-1,531.6	2.9	-9.2	-1,211.9

Interim Consolidated Statement of Cash Flows

of Douglas AG for the reporting period from 1 October 2023 to 31 March 2024

		10/01/2023-03/31/2024 EUR m	10/01/2022-03/31/2023 EUR m
	Profit (+) or Loss (-) of the period (Net Income)	83.9	71.0
+	Income taxes	38.2	37.2
+	Finance result	130.3	139.0
+	Amortization/depreciation/impairment	172.6	159.5
=	EBITDA	425.0	406.7
+/-	Increase/decrease in provisions	10.3	-10.7
+/-	Other non-cash expense/income	13.6	7.3
+/-	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	-24.9	-123.9
+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	24.4	23.5
-/+	Paid/reimbursed taxes	-32.5	-16.9
=	Net cash flow from operating activities	415.9	285.8
+	Proceeds from the disposal of non-current assets	1.6	1.8
-	Payments for investments in non-current assets	-54.1	-49.7
-	Payments for investments in current other financial assets	0.0	0.0
=	Net cash flow from investing activities	-52.5	-47.9
	Free Cash Flow (sum of net cash flows from operating and investing activities)	363.4	237.8
+	Receipts from equity contributions	1,128.7	0.0
-	Payments for the redemption of financial loans and bonds	-675.2	-11.2
-	Payments for the redemption of lease liabilities	-121.8	-133.9
+	Proceeds from the issuance of financial loans and bonds	0.5	-0.1
-	Interest paid	-143.5	-101.5
+	Interest received	1.9	0.4
=	Net cash flow from financing activities	190.6	-246.3
	Net change in cash	554.0	-8.5
+/-	Net change in cash due to currency translation	2.3	1.4
+	Cash at the beginning of the reporting period	262.3	245.3
=	Cash at the end of the reporting period	818.6	238.2

Notes to the Interim Consolidated Financial Statements

of Douglas AG for the first half-year 2023/24.

Segment Reporting

of Douglas AG for the reporting period from 1 October 2023 to 31 March 2024

		DACHNL		France	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Sales (net)	EUR m	1,147.4	1,038.3	503.8	486.1
Intersegment sales	EUR m	11.4	1.4	0.6	0.6
External sales	EUR m	1,136.0	1,036.9	503.2	485.6
EBITDA	EUR m	236.9	215.8	114.4	113.5
EBITDA-margin	%	20.6	20.8	22.7	23.4
Adjustments to EBITDA	EUR m	6.1	13.2	3.4	0.6
Adjusted EBITDA	EUR m	243.0	228.9	117.8	114.1
Adjusted EBITDA-margin	%	21.2	22.1	23.4	23.5
Inventories	EUR m	316.6	319.1	137.5	123.7
Capital expenditure	EUR m	10.4	7.9	8.9	4.4

		Southern Europe		Central Eastern Europe	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Sales (net)	EUR m	376.1	356.1	361.8	304.1
Intersegment sales	EUR m	0.7	0.0	0.4	0.5
External sales	EUR m	375.4	356.1	361.4	303.6
EBITDA	EUR m	92.5	76.2	98.2	83.3
EBITDA-margin	%	24.6	21.4	27.1	27.4
Adjustments to EBITDA	EUR m	0.8	4.7	1.1	0.0
Adjusted EBITDA	EUR m	93.3	80.9	99.3	83.3
Adjusted EBITDA-margin	%	24.8	22.7	27.4	27.4
Inventories	EUR m	169.2	172.7	130.2	122.0
Capital expenditure	EUR m	6.4	4.0	8.5	3.8

		Parfumdreams / Niche Beauty		Total Reportable Segments	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Sales (net)	EUR m	106.9	86.6	2,495.9	2,271.2
Intersegment sales	EUR m	0.0	0.0	13.2	2.4
External sales	EUR m	106.9	86.6	2,482.7	2,268.8
EBITDA	EUR m	7.5	3.5	549.5	492.4
EBITDA-margin	%	7.0	4.1	22.0	21.7
Adjustments to EBITDA	EUR m	1.2	0.0	12.6	18.5
Adjusted EBITDA	EUR m	8.6	3.5	562.1	510.9
Adjusted EBITDA-margin	%	8.1	4.1	22.5	22.5
Inventories	EUR m	28.0	32.2	781.5	769.7
Capital expenditure	EUR m	1.2	0.8	35.3	20.9

		Reconciliation to Douglas Group		Douglas Group	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Sales (net)	EUR m	18.1	29.1	2,514.0	2,300.3
Intersegment sales	EUR m	-13.2	-2.4	0.0	0.0
External sales	EUR m	31.2	31.5	2,514.0	2,300.3
EBITDA	EUR m	-124.6	-85.7	425.0	406.7
EBITDA-margin	%			16.9	17.7
Adjustments to EBITDA	EUR m	56.6	9.8	69.2	28.2
Adjusted EBITDA	EUR m	-67.9	-75.9	494.2	435.0
Adjusted EBITDA-margin	%			19.7	18.9
Inventories	EUR m	-4.9	4.7	776.6	774.4
Capital expenditure	EUR m	8.8	13.0	44.2	33.8

General Information

Douglas AG (hereinafter: Group parent company, Group parent company) is a stock corporation domiciled in Düsseldorf, Germany, and is entered in Commercial Register B of the Düsseldorf Local Court under registration number HRB 103560.

These interim consolidated financial statements of Douglas AG and its subsidiaries (Douglas Group, Group) cover the reporting period of the first half of the 2023/24 financial year from 1 October 2023 to 31 March 2024 (reporting period, first half-year 2023/24), ending on 31 March 2024 (reporting date). The corresponding comparative period of the previous financial year consists of the first half of the 2022/23 financial year from 1 October 2022 to 31 March 2023 (comparative reporting period, first half-year 2022/23), ending on 31 March 2023 (comparative reporting date).

Basis of Accounting

These interim consolidated financial statements were prepared in accordance with Section 115 of the German Securities Trading Act (WpHG) in compliance with IAS 34 "Interim Financial Reporting" as applicable in the European Union. They do not contain all the information required for complete consolidated financial statements in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union as at the end of a financial year and should be read in conjunction with the most recent consolidated financial statements of Douglas AG for the 2022/23 financial year. However, it contains selected explanatory notes on events and transactions that are important for understanding the changes in the Group's net assets, financial position and results of operations since the last consolidated financial statements.

Neither the interim consolidated financial statements nor the interim Group management report have been audited in accordance with Section 317 of the German Commercial Code (HGB) or reviewed by an auditor in accordance with Section 115 (5) of the German Securities Trading Act (WpHG).

The interim consolidated financial statements were approved for publication by the Board of Directors of Douglas AG on 28 May 2024.

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

New or Amended Accounting Regulations

The new or amended standards and interpretations that have not yet been applied by the Douglas Group have no material impact on the presentation of the interim consolidated financial statements.

Please refer to the overview of the newly applicable or amended accounting standards and interpretations of the IASB in Note 2 "Basis of Accounting" of the consolidated financial statements of the Douglas Group as at 30 September 2023.

Consolidated Entities

	Germany	Other countries	Total
03/31/2024	19	31	50

There were no changes to the scope of consolidation in the reporting period.

Accounting and Valuation Principles

The accounting policies applied in the interim financial statements correspond to those of the consolidated financial statements of the Douglas Group as at 30 September 2023. In addition, the following items were considered:

Income Taxes

Income tax expense for the reporting period is calculated on the basis of the estimated effective income tax rate for the full financial year.

Income tax expense is calculated by multiplying earnings before taxes (EBT) for the reporting period by the best possible estimate of the weighted average income tax rate for the full financial year. The expected income tax rate is adapted for the tax effects of certain items that were fully recognized in the reporting period. The effective tax rate in the interim consolidated financial statements may therefore differ from the estimate of the actual tax rate in the consolidated financial statements.

Seasonal or Cyclical Influences

With the Christmas season and other important shopping events such as Black Friday, Singles' Day and Valentine's Day, the first half of the Douglas Group's financial year - measured in terms of the financial performance indicators "Sales (net)" and "Adjusted EBITDA" - is the most significant half-year for a retail company in the consumer goods sector.

IPO of Douglas AG and Refinancing of the Douglas Group

In February 2024, Kirk Beauty A GmbH was converted by way of a change of legal form with universal succession in accordance with the German Reorganization Act (UmwG), in particular Sections 190 et seq. in conjunction with Sections 226 et seq. and 238 et seq. UmwG into a stock corporation (AG) and changed its name to Douglas AG.

Following several capital increases, the share capital amounts to 107,692,308.00 euros and is divided into 107,692,308 no-par value bearer shares with equal rights and a pro rata amount of the share capital of 1.00 euro each. The profit shares of the shareholders are determined in proportion to their shares in the share capital.

Furthermore, the majority shareholder, Kirk Beauty International S.A., based in Luxembourg, has contributed all loan receivables from the Douglas Group in the amount of EUR 719.9 million (carrying amount including accrued interest) to the additional paid-in capital of Douglas AG.

Deferred taxes in connection with shareholder financing were derecognized by increasing retained earnings by EUR 66.8 million.

A Supervisory Board with equal representation was formed at Douglas AG level, the constituent meeting of which took place on 2 2024.

The initial listing of Douglas AG on the Regulated Market (Prime Standard segment) of the Frankfurt Stock Exchange took place on March 21, 2024.

The equity inflow of around EUR 1.1 billion resulting from the IPO was made up of the primary proceeds from the share placements and an additional equity injection of around EUR 300.0 million from the previous shareholders.

Transaction costs of EUR 21.3 million were directly related to the issue of new shares and were recognized as qualified incremental IPO costs in the additional paid-in capital, reducing equity.

The issue proceeds were mainly used to repay the syndicated loan (Senior Secured Term Loan Facility) in full.

In March 2024, Douglas AG concluded a financing agreement with a selected consortium of banks 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 in the amount of EUR 350.0 million. The new financing agreement came into force on 15 April 2024. Please refer to the section "Events after the reporting date".

Assets Held for Sale and Related Liabilities

On February 28, 2024, a letter of intent (LOI) was signed with a potential buyer regarding the sale of all shares in disapo.de Apotheke B.V, Heerlen, Netherlands (Disapo). The planned sale reflects the consistent execution of the corporate strategy to focus on the core business of selective retailing for fragrances, cosmetics and personal care.

Disapo (with its subsidiaries) was classified as a disposal group in accordance with IFRS 5 and its assets and liabilities were reported separately in the consolidated statement of financial position. Its assets consist primarily of inventories and trade receivables, while its liabilities consist in particular of lease liabilities, trade payables and tax liabilities.

Douglas is expected to pay a dowry payment to the acquirer in the single-digit million range.

After impairment of non-current assets and the valuation of the disposal group, a loss totaling EUR 4.8 million (including expected disposal costs) was incurred.

The transaction is expected to close in the third quarter of the 2023/24 financial year.

Revaluation of the Provision for Legal Disputes in connection with the Squeeze-Out of Former Minority Shareholders

Douglas Service GmbH (formerly Douglas GmbH) is a party to a legal dispute regarding compensation for former minority shareholders from the squeeze-out in the 2013 calendar year. A provision was recognized in this context, which amounted to EUR 14.1 million as at 30 September 2023.

In the first half of 2023/24, the provision was remeasured on the basis of an independent expert opinion, as a result of which the provision was increased by EUR 21.8 million (of which EUR 6.8 million was interest expense) and amounted to EUR 35.9 million as at the reporting date. The associated other operating expenses of EUR 15.0 million were allocated to the central division and are therefore shown in the reconciliation column to the Douglas Group in the segment presentation. There was no impact on adjusted EBITDA.

The estimated cash outflow is uncertain in nature and its measurement requires judgment. The actual cash outflow after settlement of the legal dispute may differ significantly from the estimate made at the reporting date. The timing of the outflow is also uncertain.

Segment Reporting

The most important financial performance indicators used by the Board of Directors of Douglas AG (Chief Operating Decision Maker, CODM) to evaluate the segments and manage resource allocation are growth (measured by: "Sales (net)") and profitability (measured by: "Adjusted EBITDA").

Sales (net) of the reportable segments according to the main distribution channels

		DACHNL		France	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Store Sales (net)	EUR m	670.5	620.6	389.8	376.5
E-Com Sales (net)	EUR m	476.8	417.6	114.0	109.6
Total	EUR m	1,147.4	1,038.3	503.8	486.1

		Southern Europe		Central Eastern Europe	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Store Sales (net)	EUR m	324.4	300.1	279.2	235.3
E-Com Sales (net)	EUR m	51.7	56.0	82.6	68.8
Total	EUR m	376.1	356.1	361.8	304.1

		Parfumdreams / Niche Beauty		Total Reportable Segments	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Store Sales (net)	EUR m	7.1	7.0	1,671.1	1,539.5
E-Com Sales (net)	EUR m	99.7	79.7	824.8	731.7
Total	EUR m	106.9	86.6	2,495.9	2,271.2

		Reconciliation to Douglas Group		Douglas Group	
		10/01/2023-03/31/2024	10/01/2022-03/31/2023	10/01/2023-03/31/2024	10/01/2022-03/31/2023
Store Sales (net)	EUR m	-2.3	-2.7	1,668.8	1,536.8
E-Com Sales (net)	EUR m	20.4	31.8	845.2	763.5
Total	EUR m	18.1	29.1	2,514.0	2,300.3

Reconciliation of the segment performance indicator Adjusted EBITDA to EBITDA

The following table shows the reconciliation of the adjusted EBITDA of the Group's reportable segments to the EBITDA reported in the consolidated income statement. For the reconciliation of Group EBITDA to Group EBT, please refer to the interim consolidated statement of profit or loss.

	10/01/2023-03/31/2024 EUR m	10/01/2022-03/31/2023 EUR m
Adjusted EBITDA of the Reportable Segments	562.1	510.9
Adjusted EBITDA of the reconciliation to the Douglas Group	-67.9	-75.7
Consolidation effects	-0.1	-0.2
Adjusted EBITDA	494.2	435.0
Purchase Price Allocations (PPA)	-0.2	-0.2
Restructuring costs (staff-related) and severance payments	0.9	7.5
Consulting fees	6.5	4.4
Other adjustments	27.7	9.1
Store Optimization Program (SOP)	-2.7	2.2
Initial Public Offering (IPO)	37.0	5.2
Adjustments to EBITDA	69.2	28.2
EBITDA	425.0	406.7

The reconciliation of Adjusted EBITDA to the Douglas Group primarily comprises the Group's central division at the level of the Group headquarters in Germany, as well as the Disapo and consolidation effects. The Adjusted EBITDA allocated to the "Reconciliation to the Group" amounted to EUR -67.9 million in the 2023/24 reporting period (comparative reporting period: EUR -75.7 million), of which EUR -66.4 million (comparative reporting period: EUR -73.0 million) was attributable to central operations, as this does not generate any sales and is largely not operated as a profit center. In addition to the central management and administrative functions, Central Services also includes central purchasing, marketing, the brand business and the Group's international e-com functions.

The respective categories essentially cover the following topics:

- Pruchase price allocation (PPA):
  Effects recognized in profit or loss from the subsequent measurement of assets and liabilities recognized as part of business combinations.
- Restructuring costs (staff related) and severance payments
  Expenses in connection with the sale or discontinuation of a business division, the closure or sale of a branch group, significant changes to the management structure or fundamental restructuring. In particular, this includes expenses in the form of severance payments and continued salary payments if the position is not filled, as well as for management positions at national or Group level, regardless of whether the position is filled.
- Consulting fees:
  Expenses for consulting services, particularly in connection with strategic projects and initiatives as well as major acquisitions.
  In the reporting period, the adjustments were related to a number of different strategic projects, in particular the further execution of our Group strategy "Let It Bloom".
- Other adjustments[1]:
  Business transactions that are not regularly recurring, exceptional or unsuitable for internal management purposes. These include non-staff-related restructuring expenses, integration costs, income from the reversal of previously adjusted provisions and infrastructure or reorganization costs.
  In the first half of 2023/24, these expenses related in particular to risk provisions for legal disputes in connection with a squeeze-out of former minority shareholders, the valuation of Disapo's assets held for sale and related liabilities, as well as start-up costs in connection with our strategic logistics project OWAC.
- Initial Public Offering (IPO):
  Expenses in connection with the IPO of Douglas AG in March 2024 including related management incentive programs.
- Store Optimization Program (SOP):
  Expenses in connection with the optimization of our store network.
  In the reporting period, the adjustments made related to income from the reversal of previously written-down inventories as part of SOP.

Share-based payments

Management participation programs I and II

With the IPO of Douglas AG as the defined exit event, the vesting periods of the participants in the two Equity Settled Share Based Payment Programs I and II end at Douglas Group level. The total value of the benefits granted to employees in the reporting period amounted to EUR 14.2 million. This was recognized as personnel expenses in the interim consolidated statement of profit or loss, with the offsetting entry in retained earnings (other reserves) within equity.

[1] Following the end of the COVID-19 pandemic, there were no COVID-19 adjustments in the first half of 2023/24. The COVID-19 adjustments reported separately in the comparative reporting period are reported under "Other adjustments" due to their immateriality.

Financial Instruments

The following tables show the carrying amounts and fair values of the financial instruments as at the reporting date. They are classified into the categories in accordance with IFRS 9[2] and into a three-level fair value hierarchy, which classifies the data used to determine the fair values according to their proximity to the market (Levels 1 to 3).

Financial Instruments as of 31 March 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	54.7	AC	54.7				
Cash	818.6	AC	818.6				
Other financial assets	267.0						
-- thereof Embedded options	32.2	FVtPL		32.2		32.2	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	3
Total financial assets	1,140.3						
Financial liabilities							
Trade accounts payable	580.3	AC	580.3				
Other financial liabilities	1,951.8						
-- thereof Senior Secured Notes	1,334.2	AC	1,334.2			1,324.6	1
-- thereof Senior PIK Notes	590.1	AC	590.1			578.9	1
-- thereof Liabilities from non-controlling options	0.2	AC	0.2			0.2	3
-- thereof Liabilities from customer returns	5.3	AC	5.3			5.3	
Total financial liabilities within the meaning of IFRS 9	2,532.1						
Lease liabilities within the meaning of IFRS 16	1,042.9						
Total financial liabilities	3,575.0						

The fair value of the corporate bonds is calculated on the basis of market prices quoted on active markets (Level 1).

The proceeds from the IPO were used in particular to repay the syndicated loan (Senior Secured Term Loan Facility) in full in March 2024. The repayment of the two corporate bonds and termination of the RCF took place after the reporting date on April 15, 2024. Please refer to the section "Events after the reporting date".

The shareholder, Kirk Beauty International S.A., based in Luxembourg, has contributed all loan receivables towards Douglas Group to the additional paid-in capital of Douglas AG.

The contractual terms of the Senior Secured Notes and the Senior PIK Notes contain repurchase rights of the issuer (Douglas Group) that can be exercised at any time, according to which the Douglas Group has the right to repurchase the Senior Secured Notes and the Senior PIK Notes at any time. The repurchase rights of the issuer are to be measured as a single instrument for financial mathematical purposes. In accordance with IFRS 9, the derivative is also to be regarded as a unit of account for accounting purposes. A yield curve model is used to accurately measure the repurchase rights.

[2] Abbreviations used for the categories of financial instruments in accordance with IFRS 9
AC – Measured at amortized cost;
FVtPL - Measured at fair value through profit or loss

The advantageousness of exercising the termination right depends on the interest conditions that the issuer would receive for alternative financing at the time of exercise. The refinancing interest rate is the market interest rate at which the issuer could obtain financing, taking into account an issuer-specific risk premium. On the other hand, there is the implicit borrowing rate, which is derived from the contracted interest rate. Accordingly, exercising the repurchase right makes economic sense if the refinancing interest rate for alternative financing is lower than the implicitly contracted loan interest rate at the time of exercise. Consequently, the fair value of the embedded derivative also depends largely on these two factors and their expected fluctuations.

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

The subsequent measurement of the embedded options resulted in a measurement gain of EUR 21.4 million as at the reporting date (comparative period: measurement gain of EUR 1.1 million), which is reported in the financial result. As an independent derivative, it is measured separately at fair value through profit or loss within the financial result.

Equity investments are measured at fair value. There are no plans to sell these investments as at the reporting date.

A German partnership has termination rights with the consequence that a settlement in the amount of the fair value would have to be paid to the non-controlling shareholders in the event of termination. This results in a liability of EUR 0.2 million as at the reporting date (30 September 2023: EUR 0.2 million).

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

The fair values of receivables and liabilities from customer returns correspond to their carrying amounts due to their short term. In the case of contracts that allow the customer to return an item, a corresponding contract liability is recognized on the basis of historical data.

Financial Instruments as of 30 September 2023:

	Net carrying amount EUR m	Category	(Amortized) cost EUR m	Fair value through profit or loss EUR m	Fair Value through OCI EUR m	Total fair value EUR m	Level
Assets							
Trade accounts receivable	36.9	AC	36.9				
Cash	262.3	AC	262.3				
Financial assets	258.8						
-- thereof embedded derivatives	31.7	FVtPL		31.7		31.7	2
-- thereof Derivative financial instruments	1.4	FVtPL		1.4		1.4	2
-- thereof Equity participations	2.1	FVtPL		2.1		2.1	3
Total financial assets	558.0						
Financial liabilities							
Trade accounts payable	617.6	AC	617.6				
Other financial liabilities	3,335.5						
-- thereof Senior Secured Notes	1,332.7	AC	1,332.7			1,269.1	1
-- thereof Senior PIK Notes	590.4	AC	590.4			549.0	1
-- thereof Liabilities to bank	682.5	AC	682.5			682.5	2
-- thereof Liabilities to shareholders	704.6	AC	704.6			704.6	
-- thereof Liabilities from non-controlling options	0.2	AC	0.2			0.2	3
-- thereof Liabilities from customer returns	4.8	AC	4.8			4.8	
Total financial liabilities within the meaning of IFRS 9	3,953.1						
Lease liabilities within the meaning of IFRS 16	1,080.3						
Total financial liabilities	5,033.4						

The fair value of liabilities to banks is based on the expected cash flows in accordance with the contractual agreements, discounted at an interest rate appropriate to the credit risk.

There is a special feature in the calculation of the fair value of the syndicated loan (not relevant as at the reporting date, as the syndicated loan was repaid in full on 28 March 2024). In addition to the EURIBOR variable prime rate, regular modifications are made to the credit margin within contractually defined limits. The credit margins are contractually reassessed on a quarterly basis depending on the development of defined key figures. The reassessment is based on key figures that the syndicate would also use to assess the credit risk. The interest rate expectations as at the reporting date therefore largely correspond to the fair value measurement of the credit margins.

Financing Liabilities

As at 31 March 2024 and 30 September 30 2023, the financing liabilities comprised the Senior Secured Notes, the Senior PIK Notes, the Senior Secured Term Loan Facility, the Senior Secured Multi-Currency Revolving Credit Facility (RCF) and other borrowings.

	03/31/2024		09/30/2023	
	Carrying amount EUR m	Nominal amount EUR m	Carrying amount EUR m	Nominal amount EUR m
Senior Secured Notes	1,334.2	1,305.0	1,332.7	1,305.0
Senior PIK Notes	590.1	567.4	590.4	567.4
Senior Secured Term Loan Facility	0.0	0.0	683.8	675.0
Senior Secured Multi-Currency Revolving Credit Facility (RCF)	-1.8	0.0	-2.4	0.0
Other borrowings	1.5	1.5	1.1	1.1
Finance liabilities (total from notes and bank liabilities)	1,924.1	568.9	2,605.6	2,548.5

The carrying amounts mainly include accrued interest and valuation effects. The RCF was not utilized in terms of liquidity in the first half of 2023/24 either.[3]

The proceeds from the IPO were used in particular to repay the syndicated loan (Senior Secured Term Loan Facility) in full in March.

Collateral was provided for the Senior Secured Notes and the Senior Secured Term Loan Facility. The following assets were pledged as collateral: Bank balances, shares in certain Group companies and intercompany receivables.

In the event of a default by the borrower, the lenders have the option of initiating a contractually defined procedure aimed at the immediate maturity of the liability and the realization of the pledged assets.

Douglas AG (formerly Kirk Beauty A GmbH) and its subsidiaries are obliged to comply with certain covenants and financial ratios if 40.0 percent of the nominal amount of EUR 170.0 million (corresponding to EUR 68.0 million) of the Senior Secured Multi-Currency Revolving Credit Facility is drawn down. A portion of the RCF in the amount of up to EUR 40 million can be utilized as so-called ancillaries with an effect on liquidity. The utilization of the ancillaries does not count towards the covenant test. As in the previous financial year 2022/23, compliance with these financial covenants was not relevant in the first half of 2023/24, as the RCF was not utilized with an effect on liquidity.

In addition to these financial obligations, the Group must also fulfill certain qualitative obligations, such as the payment of interest or the submission of quarterly and annual financial statements, including audit opinions. In the event of non-compliance with these obligations, the lenders are entitled to terminate the loan agreements with immediate effect and to call in all pledged collateral. The qualitative covenants were complied with at all times in the first half of 2023/24.

Please refer to Note 32 "Management of financial risks" in the consolidated financial statements of the Douglas Group as at September 30, 2023, and to the section of these interim consolidated financial statements entitled "Events after the reporting date".

Related Parties

The ultimate parent company and at the same time the ultimate controlling company is Kirk Beauty S.à r.l., based in Luxembourg. The direct majority shareholder of Douglas AG is Kirk Beauty International S.A., based in Luxembourg.

The low-interest (interest rate of 2.00%) and subordinated loan receivables granted by Kirk Beauty International S.A. to the Douglas Group were transferred to the additional paid-in capital of Douglas AG in the first half of 2023/24.

All other business relationships with related parties were conducted on an arm's length basis.

[3] The amount available in the RCF for borrowing is reduced by EUR 9.0 million in outstanding rental guarantees.

Events after reporting date

The new Group financing came into force on 15 April 2024. In addition to the long-term syndicated loan (Facility B) in the amount of EUR 800.0 million, this comprises a bridging loan (Facility A) in the amount of EUR 450.0 million and a revolving credit facility in the amount of EUR 350.0 million. EUR 50 million of the revolving credit facility was drawn down as planned in April 2024 and repaid in May 2024.

As part of the Group refinancing, the two corporate bonds (the Senior Secured Notes and the Senior PIK Notes) were also repaid in full on 15 April 2024 and the Senior Secured Multi-Currency Revolving Credit Facility was terminated.

The repayment of the corporate bonds led to a cash outflow (gross) totaling EUR 1.97 billion, including prepayment penalties of EUR 31.3 million. The accompanying derecognition of the embedded options in the form of repurchase rights led to a valuation effect of EUR 53.1 million in the financial result without any impact on cash.

Düsseldorf, 28 May 2024

Douglas AG
The Board of Directors

Alexander van der Laan | Mark Langer | Philipp Andrée

FURTHER INFORMATION

Insurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the DOUGLAS AG Group in accordance with German accepted accounting principles, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the DOUGLAS AG Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Düsseldorf, May 28, 2024

DOUGLAS AG

The Executive Board

Alexander "Sander" van der Laan

Mark Langer

Dr. Philipp Andrée

Disclaimer on forward-looking statements

This report contains forward-looking statements that use words such as "believe", "estimate", "assume", "may" and the like and that are based on assumptions and estimates. Although DOUGLAS AG believes that these assumptions and estimates are correct, actual future results may differ materially from these assumptions and estimates due to a variety of factors. These may include changes in the macroeconomic environment, in the legal and regulatory framework in Germany and the EU as well as changes within the industry. DOUGLAS AG provides no guarantee and assumes no liability or responsibility for any discrepancies between future developments and actual results on the one hand and the assumptions and estimates stated in this report on the other. DOUGLAS AG does not intend or assume any obligation to update any forward-looking statements to reflect actual events or developments after the date of this report.

Note on the report language

This interim financial report was published on May 29, 2024. It is available in German and English translation. The German version is binding.

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Financial calendar

August 14, 2024

Interim statement on the results for the first nine months of 2023/24

December 19, 2024

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