

DOUGLAS

PRESS RELEASE

DOUGLAS reports strong sales and earnings growth in second quarter - Group sales significantly above pre-COVID-19 level

- Strong year-on-year sales increase in the second quarter (January to March 2022) of around 39 like-for-like (lfl); total sales amounted to 719 million euros
- Return to growth path: lfl quarterly sales 12.0 percent above pre-COVID-19 level (Q2 2018/19)
- Lfl store sales more than doubled year-on-year (up 117.3 percent) following relaxation of COVID-19 restrictions
- Online demand remains strong: e-commerce sales of 250 million euros at more than double pre-COVID-19 level (plus 100.7 percent); 14.3 percent below lockdown-related highs in prior-year quarter
- Group operating profit (adjusted EBITDA) improved to 25 million euros following negative prior-year quarter
- Half-year adjusted EBITDA increased by 27.3 percent to 216 million euros
- Tina Müller, DOUGLAS Group CEO: "We are seeing the return of brick-and-mortar business and at the same time continue to experience strong online demand; this once again underscores our sound Beauty Platform-Strategy of a comprehensive digital offering coupled with an optimal store experience."

Düsseldorf, 25 May 2022. DOUGLAS, Europe's leading premium beauty group, continued its growth course in the second quarter of the fiscal year 2021/22 and significantly increased sales and earnings. Both year-on-year and compared to the pre-COVID-19 quarter of 2019, the Düsseldorf-based company posted significant gains and won further market share in Germany. In particular, the brick & mortar business picked up noticeably following the relaxation of COVID restrictions in the months from January to March of this year, more than doubling sales year-on-year. As expected, some of the online business shifted back to the stores, but overall it remained at a very high level. "We are now seeing the ratios of online and store sales starting to rebalance after the end of the lockdowns," said Tina Müller, DOUGLAS Group CEO. "For example, we had e-commerce sales in the second quarter that were twice as high as in pre-COVID-19 times. It is pleasing that we were able to maintain this high level while also achieving disproportionately strong growth in our store business. This shows that our Beauty Platform-Strategy approach is proving to be the right business model."

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Significant sales and earnings growth in the second quarter

In the second quarter of 2021/22, Europe's leading premium beauty group increased its sales by around 31 percent to 719 million euros; in like-for-like terms, the rise even amounted to around 39 percent. Group like-for-like sales were thus 12.0 percent higher than before the outbreak of the COVID-19 pandemic.

As expected, in the course of stores reopening, a certain amount of sales shifted back from online retail to brick & mortar business, although the level of e-commerce remained very high. Sales in the online business, which DOUGLAS has strategically expanded in recent years, thus amounted to 250 million euros (-14.3 percent vs. prior-year quarter), more than double the figure recorded in the pre-COVID-19 quarter of 2019. "We are satisfied with this sales performance while the profitability of the e-commerce business remains strong," said DOUGLAS Group CDO Vanessa Stütze, . "This demonstrates the strengths of our business model, that through our loyalty program we can target and serve customers in a personalized way, depending on their preferences in the channel of their choice. The rapid integration of Disapo already enables us to offer dermacosmetic and OTC products and will help us to further expand our leading position in the beauty and beauty-related health market."

In the store business, like-for-like sales increased by 117.3 percent year-on-year to 471 million euros following the reopenings. All regions contributed to the significant sales increase, in particular German-speaking Europe, France and Eastern Europe. DOUGLAS was also able to win back customers who had to migrate to other distribution channels such as drugstores during the COVID-related closures for certain product categories. In addition, it can be observed that customers who used the DOUGLAS online store during the lockdowns are now returning to the brick & mortar stores, thus remaining loyal to the brand. "This once again underlines the strength of our omnichannel business model as well as our brand: our customers remain in the DOUGLAS cosmos. This would not have been possible as a pure online retailer," said Tina Müller.

The Group operating result (adjusted EBITDA) rose in the second quarter by 26.5 million euros to 25 million euros, following a negative result in the prior-year quarter. In addition to the increase in sales, the improvement is attributable to consistent cost management and further savings from the "Store Optimization Program" (SOP). The EBITDA margin increased accordingly to 3.5 percent, in the entire first half of 2021/22, it amounted to 10.7 percent. The earnings contribution in the second quarter is seasonally lower than in the rest of the year; in addition, the Easter business in 2022 took place in the current third quarter.

In the entire first half of 2021/22, i.e. the months of October 2021 to March 2022 inclusive, DOUGLAS increased sales by 16.9 percent to approximately 2 billion euros, while operating earnings (adjusted EBITDA) improved by 27.3 percent to 216 million euros. "This development shows that we are on a very good path," said Tina Müller.

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"Nevertheless, it is unfortunately not yet possible to make a reliable forecast as to the ratio to which store and online sales will readjust in the long-term following the COVID restrictions."

In February, DOUGLAS announced its entry into the healthcare market through the planned acquisition of the Dutch online pharmacy Disapo B.V.. The transaction closing has since taken place. Since the end of April, DOUGLAS customers have been able to purchase dermacosmetics and over-the-counter products via the partner program in the online store. DOUGLAS plans to extend this offer to various European countries in the course of the year.

ABOUT DOUGLAS:

DOUGLAS is Europe's leading platform for premium beauty. Offering almost 200,000 beauty, health and lifestyle products in online shops, the partner program and around 2,000 stores, DOUGLAS inspires customers to live their own kind of beauty by offering a previously unparalleled assortment. The further development of our successful omnichannel positioning is at the heart of our #FORWARDBEAUTY.DigitalFirst strategy, under which we are consistently expanding both our strong e-commerce and store experience. In fiscal year 2020/21, DOUGLAS generated sales of 3.1 billion euros in the areas of perfumery, decorative cosmetics, skin and hair care as well as nutritional supplements, health and accessories.

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OVERVIEW FINANCIAL RESULTS

	Q2 2020/21	Q2 2021/22	Change	Change lfl
Group sales	€ 551 million	€ 719 million	+30.7 percent	+39.0 percent
Sales stores	€ 260 million	€ 471 million	+81.3 percent	+117.3 percent
Sales e-commerce	€ 291 million	€ 250 million	-14.3 percent	-14.3 percent
E-commerce as a percentage of Group sales	52.9 %	34.7 %	-18.2 percentage points	-
Adjusted EBITDA	€-1.4 million	€ 25 million	%pos.	-
Liquidity (31 March)	€ 152 million	€ 292 million	+92.2 percent	-

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	H1 2020/21	H1 2021/22	Change	Change lfl
Group sales	€1,723 million	€ 2,015 million	+16.9 percent	+23.2 percent
Sales stores	€ 998 million	€ 1,336 million	+33.9 percent	+49.5 percent
Sales e-commerce	€ 724 million	€ 676 million	-6.7 percent	-6.7 percent
E-commerce as a percentage of Group sales	42.0 percent	33.5 percent	-8.5 percentage points	-
Adjusted EBITDA	€ 169.7 million	€ 216.0 million	+27.3 percent	-