

Please note that this is a translation of a press release prepared for the local German press reporting on the cosnova performance in the German market.



SIGNIFICANT INCREASE IN MARKET SHARE:

cosnova Beauty wins with consumers in the pandemic year of 2020

Sulzbach, 16th February 2021 – cosnova Beauty looks back on a strong performance despite a challenging Corona year for the decorative cosmetics industry: the essence and CATRICE brands showed significantly higher sales compared to the cosmetics market, gaining 4.5 % (December 2019 vs. December 2020) in further share on the German market alone. In the second half of 2020, these were at record levels of 40 % in Germany overall (source: Nielsen, in unit sales).

After the initial decline in sales as a result of the first Corona Lockdown, sales already recovered significantly in the summer of last year and subsequently even exceeded the comparative figures for Q4 2019 in the fourth quarter. The year as a whole was concluded for cosnova Beauty globally with a relatively small decline in sales for the decorative cosmetics industry of 9 % compared to the previous year. In Germany, the decline in sales (in product value) was 8.3 %, while the market was down 17.4 % (source: Nielsen). "The overall very pleasing results in 2020 give us confidence that we will be able to continue this in the coming year, despite the ongoing Corona crisis," states Hilko Prael, Managing Director and Chief Sales Officer at cosnova Beauty. "We are convinced that, especially within the challenges of the last year, we were able to score points with consumers with the positioning of our brands to offer the highest quality at a top price and thus were able to increase our market share."

SUCCESSES IN THE CORE BUSINESS: EXPANSION OF MARKET SHARE FOR ESSENCE AND CATRICE

Within the core business, the essence and CATRICE brands achieved strong successes: in December, essence achieved its highest monthly market share in three years (over 30 %, in unit sales) with one of the most important retail partners in the German drugstore segment. CATRICE also showed a similarly impressive performance on the German market as a whole, gaining 1.2 % in product value in market share in 2020 compared to 2019 (source: Nielsen). cosnova tackled the challenges of the lockdown situation for cosmetics marketing at the PoS with creative, digital solutions: "To us as a company, the focus on the needs and wishes of consumers as our main motivational drivers has once again become stronger over the past year," says Yvonne Wutzler, Chief Marketing Officer at cosnova. "We have further expanded our digital offer in this regard so that we can also provide consumers and beauty fans with an exciting product experience virtually. Our cooperation with Snapchat with Virtual Try-On Lenses, a Tutorial Lens as well as the digital tester solution, which we have kicked off in seven countries and will soon be rolled out internationally, are just two examples of this."

40 %

Market share (unit sales)
for essence and CATRICE
in Germany
(2nd half of 2020)

> 30 %

Highest monthly market
share (in unit sales) in the
past 3 years for essence in
December (drugstore
trade partner in Germany)

1.2 %

Increase in market share
(product value) in
Germany for
CATRICE in 2020

2 x

Share in e-Commerce
doubled in 2020



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FOCUS ON GROWTH DRIVERS: DIGITALIZATION, CHINA BUSINESS AND BEAUTY TECH

The field of "Digital Marketing & Commerce" is also an enormous investment area for cosnova internally – and thus the renewal of the online infrastructure will remain a dominant topic in 2021 for the team surrounding cosnova Chief Digital Officer Dirk Lauber. Together with its partner Salesforce, a deeply integrated new platform is being created that unites commerce, service, marketing, and the websites of the brands in order to provide the best possible customer experience. This area is already an important driver of growth: The share of cosnova Beauty's e-commerce sales doubled in 2020. The marketplace is playing an increasingly dominant role in online business worldwide. Alongside Germany, this is particularly evident in the USA and China – a major growth market in which cosnova has further intensified and expanded its activities in cross-border business following the launch of the Global Tmall flagship store in 2019. Due to the current legal situation in China, which requires consent to potential animal testing as a prerequisite for engaging in the general trade business in China, the company has so far chosen the path of cross-border business – under the assumption that the legal situation could change in the near future, cosnova Beauty is currently preparing the establishment of a subsidiary in China.

Further *growth drivers:*
with NextGen Beauty, cosnova is
making progress in the areas of
BEAUTY TECH and
PERSONALIZED COSMETICS.

cosnova Beauty is also paving the way to the future with other important drivers of growth: while new product segments will be tapped in 2021 with launches in the area of Health & Wellness, the cosmetics company is also making progress in the areas of Beauty Tech and personalized cosmetics with its sister company "NextGen Beauty" – the first product launch already took place in 2020 with the "La Manufacture" Foundation Kit.

Looking back on the challenging pandemic year, cosnova's management gives a very positive overall summary of how the crisis was handled. "Thanks to our good, already existing digital infrastructure, we were able to help our employees adapt quickly to the changed circumstances from the beginning of the first lockdown and ensure smooth business operations while working from home," says Mathias Delor, Managing Director and Chief Operations Officer at cosnova Beauty. "Not least because of our solid financial position, we did not have to resort to state aid or short-time working arrangements in 2020." Corporate responsibility extended beyond the company's own boundaries: as part of the "#Kisstance" campaign launched by cosnova, the cosmetics company donated one million Euros to "Médecins Sans Frontières" to support the organization's commitment towards people who are severely affected medically during the crisis.

ABOUT COSNOVA BEAUTY

cosnova Beauty with headquarters in Sulzbach/Germany is managed by the Executive Managers Mathias Delor, Javier González, Gesine Hild, Dirk Lauber, Christina Oster-Daum, Hilko Prahl and Yvonne Wutzler. At the end of the fiscal year 2020, cosnova Beauty had around 650 employees around the world. Meanwhile, its cosmetic brands essence and CATRICE are sold in over 80 countries in Europe, North and South America, the Middle East, Asia, Oceania and Africa. The company's customers include drugstores, food retailers, department stores, perfumeries and fashion chains as well as various online trade partners. In addition, essence and CATRICE are also each represented with their own online stores.

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