

Record third quarter

First nine months revenues of nearly Euro 600 million

Agrate Brianza, November 7, 2022 - The Board of Directors of Intercos S.p.A. (ICOS.MI), at today's meeting chaired by Dario Gianandrea Ferrari, approved the Interim Report for the period ended September 30, 2022.

First Nine Months 2022 Consolidated Group Results Highlights:

- **Net Revenues of €597.1 million**, up **23.0%** (+18% at constant exchange rates) on the first nine months of 2021. Growth accelerates in the third quarter: Net sales amounted to **€229.1 million**, increasing **34.1%** (+29% at constant exchange rates) on the same period of 2021. The very positive trend in order intake also continues.
- **Adjusted EBITDA of €84.4 million**, up **19.6%** (+€13.8 million) on the first nine months of 2021. Profitability rises sharply in the third quarter, as reflected in an adjusted EBITDA on net sales of **15.6%** (+240Bps on H1 2022 and +10Bps on Q3 2021).
- **Net Financial Position of €116.2 million**, improving **€63.9 million** on September 30, 2021 (including €37.5 million of net proceeds from the IPO). **Financial leverage** (net financial position on last twelve months adjusted EBITDA) reduced further to **1x**.

Renato Semerari, CEO of Intercos

"Our Group reports a record quarter both in terms of sales and EBITDA.

First nine month revenues grew 23% on the previous year and 34% in the last quarter alone. The significant increase in revenues was mainly driven by volumes. Growth levels far outstripped the general global Beauty market, even with a significantly lower price effect than that applied by our customers to the end-consumer. Intercos was one of the few companies in our sector to also return double-digit growth on 2019 (+15% on 9M 2019).

Adjusted EBITDA was up Euro 13.8 million, of which Euro 9.3 million in Q3 alone, benefiting (as expected) from the improvement of industrial productivity, which partially stem from the precautionary build-up of inventory concentrated particularly in the first six months of the year.

The Group's financial structure further strengthened, with the net financial position on Adjusted EBITDA ratio hitting its lowest level ever since the company prepared the consolidated financial statements.

The first nine months of the year featured a range of unforeseeable variables: from the global supply chain crisis, to the high levels of inflation and to the numerous restrictions in China as a result of the pandemic containment policy.

Our Group's long-term strategies, together with the consistent work of our team in managing the short-term variables, have allowed us not only to grow continually throughout the year, but also to accelerate growth in the last quarter. We can therefore review upwards the 2022 guidance provided at the beginning of the year. Our capacity to innovate, the diversification of our products, of our customers, and of our geographical areas and market segments, are our main growth drivers also in unpredictable general economic environments."

Sales by Business Unit, Commercial area, customer type

€/mln	9M22	9M21	Var.	% vs. 9M21	3Q22	3Q21	Var.	% vs. 3Q21
<u>Business Unit</u>								
Make-up	391,0	296,9	94,0	31,7%	154,4	106,2	48,2	45,4%
Skincare	96,6	93,7	2,9	3,1%	31,3	33,7	(2,3)	(6,9%)
Hair&Body	109,4	94,8	14,7	15,5%	43,4	31,0	12,4	40,1%
Total Net Sales	597,1	485,4	111,6	23,0%	229,1	170,8	58,3	34,1%
<u>Commercial Company</u>								
EMEA	283,1	240,1	43,0	17,9%	106,4	82,6	23,8	28,8%
Americas	209,4	154,0	55,4	36,0%	84,9	57,6	27,3	47,4%
Asia	104,5	91,3	13,2	14,5%	37,8	30,5	7,2	23,6%
Total Net Sales	597,1	485,4	111,6	23,0%	229,1	170,8	58,3	34,1%
<u>Customer Type</u>								
Multinationals	294,3	243,1	51,2	21,1%	112,0	80,2	31,8	39,7%
Emerging Brands	205,4	151,8	53,6	35,3%	81,4	57,2	24,2	42,3%
Retailers	97,3	90,5	6,8	7,5%	35,7	33,4	2,3	6,8%
Total Net Sales	597,1	485,4	111,6	23,0%	229,1	170,8	58,3	34,1%

As anticipated, in the first nine months of 2022 Group **revenues** totalled **€597.1 million**, rising **23%** (+18% at constant exchange rates) on the previous year and 15% on 2019.

In the third quarter, thanks also to the further increase in volumes, revenues amounted to **€229.1 million**, accelerating growth to **34%** (+29% at constant exchange rates).

Analysing revenues by business unit:

- **Make-up** reports revenues of **€391 million**, up **31.7%**, comfortably beating pre-pandemic levels (+16% on 2019). The Business Unit's growth covered all commercial areas and customer types.
- **Skincare** reported revenues of **€96.6 million** in the first nine months, increasing **3.1%**. As was the case in Q2, a slight decrease was reported in Q3, mainly due to the Chinese market performance which continued to be impacted by numerous lockdowns. Revenues in the first nine months grew 34% on 2019.
- **Hair & Body** reports revenues of **€109.4 million**, up **15.5%**, significantly accelerating in the fourth quarter (+40.1%), also due to a number of projects which were postponed from the second to the third quarter of the year.

In terms of sales by **commercial area**:

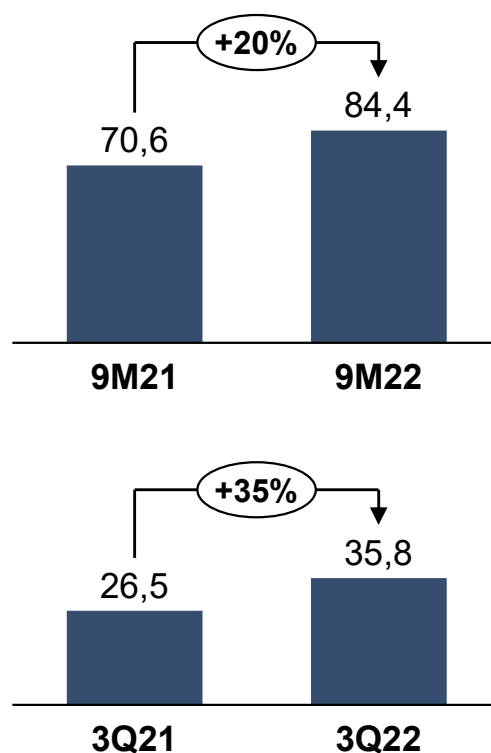
- **EMEA** returned revenues of **€283.1 million**, increasing **17.9%** on the previous year. Growth was mainly driven by the Emerging Brands and particularly in the prestige and masstige segments.
- The **Americas** reported revenues of **€209.4 million**, up **36%** on the previous year. Growth was supported by the excellent multinational customer and Emerging Brands performances, both on the prestige and mass segments.
- **Asia** reported for the nine months revenues of **€104.5 million**, up **14.5%** on the first nine months of 2021. The strong performance was mainly driven by the excellent Korean make-up segment results, which more than offset lower skincare sales in China. The Chinese overall performance improved in the third quarter, with sales increasing on Q3 2021.

Finally, with regards to sales by **customer type**:

- **Multinational** customers reported revenues of **€294.3 million**, up **21.1%**, thanks to excellent performances and principally in the US and Korea. Both mass and prestige segments contributed to the result.
- The **Emerging Brands** customers were confirmed as the main growth driver, reaching revenues of **€205.4 million (+35.3%)**. The improvement was across all commercial areas and market segments.
- **Retailer** customers reported revenues of **€97.3 million**, growth of **7.5%**.

Consolidated EBITDA

Group **Adjusted EBITDA** for the first nine months of 2022 was **€84.4 million**, rising **19.6%** (or **+€13.8 million**), thanks to continually increasing sales and gradually improving profitability throughout the year. Adjusted EBITDA in Q3 was €35.8 million, up 35% (or +€9.3 million), with an Adjusted EBITDA on Net Sales of 15.6%, increasing 10bps on Q3 2021. The increase in inventories permitted better production planning and consequently improved productivity.



Outlook & Guidance

The economic environment and, more generally, the external factors we manage on a daily basis, have not affected the Group's results. Partly in view of the excellent third quarter performance, the expectations for 2022 provided at the beginning of the year have been revised upwards. The Group forecasts sales for FY2022 within a range of between €810 and €820 million (+20%/22% on 2021, compared to the previously announced +10%/15%), with an adjusted EBITDA margin on net sales for Q4 in line with Q3 2022 (15.6%).

The supply chain difficulties experienced throughout 2022 continue. We however consider Intercos overall better equipped to handle them.

The increase in product prices underlying 2022's sales was lower than that applied by the beauty market in general. The Group is now reviewing the prices for 2023 in order to ensure good profitability in view of the expected inflationary impacts.

We look to the medium-term with optimism. We continue to view Intercos as well positioned in the Beauty sector. The Group has demonstrated a good level of pricing power thanks to product innovation, and continues to benefit from what we consider to be a unique diversification in terms of products, geographical areas, customers and market segments. The market in which Intercos operates has also demonstrated resilience in past recessions. We also note that today's market differs substantially from the past. The masstige segment has grown in recent years, mainly thanks to the growth of the emerging brands. In the event of downtrading, these may grow further, benefiting from a shrinkage of prestige segment consumption.

Our order book continues to be robust and allows us to improve visibility also on the initial part of 2023:

- At October 2022, the current Order Book (excluding the Hair & Body Business Unit) totalled €324 million, up 21% on the previous year. Growth was driven by the Make-up business unit, which saw growth of 25% on the previous year and of 49% on 2019, while the Skincare business unit remained substantially in line with the previous year and was up 43% on 2019.
- In the last two months (September-October 2022) - the Company's order intake (excluding the Hair & Body Business Unit) totalled €109 million, growing by 6% vs. the previous year, with Make-up accounting for €93 million, up 9% on previous year and 13% on 2019, while Skincare accounted for €16 million, in line with 2021 and up 14% on 2019.

OTHER INFORMATION

DECLARATION OF THE EXECUTIVE OFFICER FOR FINANCIAL REPORTING

Mr. Pietro Oriani, as Executive Officer for Financial Reporting, declares - in accordance with paragraph 2, Article 154-*bis* of Legislative Decree No. 58/1998 ("Consolidated Finance Act") - that the accounting information included in this press release corresponds to the underlying accounting records.

APPOINTMENT OF A SENIOR DIRECTOR

It is noted that, as anticipated to the market on the 5th of May, following the resignation of Mr. Daniel Gregory Pettifer with effect from June 1, 2022, the Chief Executive Officer Mr. Renato Semerari has agreed to serve on an *ad interim* basis as the Industrial Operations Global Sr. VP for the time needed to find an appropriate candidate to cover this position.

It is announced that the selection process for the new Industrial Operations Global Sr. VP concluded with the identification of Mr. Vittorio Brenna, a manager of proven professional standing at various levels, both within and outside the Intercos Group. He brings a specific focus not only on the operations area, but also within general management roles, possessing particularly strong analytical and quick-thinking skills. These have allowed him to quickly identify how to translate business needs into coherent action plans, using an approach focused on continuous improvement and to the financial benefit of the business.

Vittorio Brenna, born in Lecco on November 30, 1979, graduated in Engineering from the Milan Polytechnic and began his career in 2003 at BorgWarner. He then joined Galgano & Associati Consulting in a project management role. He joined Cosmint S.p.A. in 2011 as the Manufacturing Director and thereafter as Operations Director until 2014. Between 2014 and 2019, he was the Industrial Operations VP of Cosmint S.p.A. and was thereafter appointed initially as General Manager (2019) and then as CEO (2020) of Cosmint S.p.A. He held this role until January 2022. At that point, he took on the position of Industrial Operations VP Region Europe of Intercos, leading the operations of Cosmint S.p.A., Intercos Europe S.p.A., Tatra Spring Polska Sp. z o.o. and CRB S.A. (all Intercos Group companies). Vittorio Brenna is a director of Cosmint S.p.A. (since 2014), Intercos Europe S.p.A. (since January 2022) and is the Chairperson of the Board of Directors of Tatra Spring Polska Sp. z o.o. (since 2020).

It is announced therefore, in light of the extensive experience and the strategic Industrial Operations Global Sr. VP that Mr. Vittorio Brenna now holds, that the Board of Directors of Intercos S.p.A. on November 7, 2022 has decided to consider him as a "senior director with strategic responsibilities". Based on the available information, Mr. Vittorio Brenna today holds 12,802 company shares.

RESULTS PRESENTATION CONFERENCE CALL

The first nine months 2022 results shall be presented to analysts and investors on November 7, 2022 at 6.45PM (CET). The conference may be followed by connecting to the following numbers: +39 02 8020911 (from Italy), +44 1 212818004 (from UK), +1 718 7058796 (from USA), (for journalists +39 02 8020927). The supporting presentation for the conference call shall be made available on the company website www.intercos-investor.com in the "Investor Relations" section at the following link: <https://www.intercos-investor.com/investors/documenti-finanziari/presentazioni/> and on the "1info" storage mechanism at www.1info.it. From the day subsequent to the call, a recording of the call shall be made available on the same website.

UPCOMING FINANCIAL CALENDAR EVENTS

The date of publication of the Annual Financial Report at December 31, 2022 will be announced on the publication of the next financial calendar.

IDENTIFICATION CODES

ISIN Code of the Shares: IT0005455875

Symbol: ICOS

FURTHER INFORMATION

Intercos has taken note of Consob's call to attention No. 3/22 dated May 19, 2022 and the recommendations provided by ESMA on May 13, 2022 in the Public Statement "Implications of Russia's invasion of Ukraine on half yearly financial reports". The Company refers to that already stated in the press releases issued on the publication of FY21 and Q1 22 results, which acknowledged the minimal exposure in the affected markets (less than 1% of total direct sales).

OTHER INFORMATION

INTERCOS GROUP

Intercos is one of the leading business-to-business operators internationally in the creation, production and marketing of cosmetics (Make-up) and Skincare products, in addition to hair and body care products (Hair&Body), for leading domestic and international brands, emerging brands and retailers serving the cosmetics market and the wider beauty sector. Founded in 1972 by Dario Ferrari, Intercos lists the top cosmetics brands among its customers, with a staff of 6,400, 11 research centers, 16 production facilities and 16 commercial offices across three continents. Intercos for 50 years has interpreted beauty, creating cosmetic products and becoming a trend setter which predicts, anticipates and influences new cosmetic trends, meeting the demands of a range of customers with products for all price ranges.

NOTE AND DEFINITIONS

Alternative performance measures, not covered by IFRS, are used by management for a better assessment of the Group's operating and financial performance and are in line with the Group's performance policies and control parameters. These measures should not be considered to replace those set out in the IFRS.

The alternative performance measures not stemming directly from the financial statements are outlined below:

- EBITDA: this is defined as the sum of net profit for the period, plus income taxes, financial income and expense, and the effects of valuing equity investments held as financial investments using the equity method and amortisation and depreciation.
- Adjusted EBITDA: this is obtained by deducting from EBITDA those components evaluated by the Company as non-recurring, i.e., particularly significant events that are not linked to the ordinary performance of the core businesses or that do not determine cash flows and/or changes in the amount of equity.
- Adjusted Net Profit: this is obtained by deducting from profit those components evaluated by the Company as non-recurring, i.e., particularly significant events that are not linked to the ordinary performance of the core businesses or that do not determine cash flows and/or changes in the amount of equity and the relative tax impacts.
- Net debt (cash) or net financial position: the sum of current and non-current financial payables, net of current and non-current financial receivables, including cash and cash equivalents;

Other definitions:

- Rep Fx: percentage change at current exchange rates.
- C Fx : percentage change at constant exchange rates.
- Order-in-take: means all orders legally placed and processed by a company during the accounting period or fiscal year under review.
- Order Book: open order book at a certain date

DISCLAIMER

The information presented in this document has not been audited. This document may contain forward-looking statements relating to future events and results of operations, financial position and cash flows of Intercos. These statements by nature contain an element of risk and uncertainty in that they depend on future events and developments. The actual results may even diverge significantly from those announced, due to a range of factors.

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