INTERCOS GROUP
Global Cosmetic Manufacturer

INTERIM CONSOLIDATED REPORT
AT SEPTEMBER 30, 2019

PREPARED IN ACCORDANCE WITH IFRS
ENDORSED BY THE EUROPEAN UNION

Intercos S.p.A.
Registered office in Milan
Piazza Generale Armando Diaz 1

Corporate Information

BOARD OF DIRECTORS *

Name	Office
Dario Gianandrea Ferrari	Chairman and CEO
Renato Semerari	CEO
Ludovica Arabella Ferrari	Director
Gianandrea Ferrari	Director
Nikhil Thukral Kumar	Director
James Michael Chu	Director
Ciro Piero Cornelli	Director
Nikhil Srinivasan**	Director
Ginevra Ott	Director
Maggie Fanari	Director

BOARD OF STATUTORY AUDITORS *

Name	Office
Nicola Pietro Lorenzo Broggi	Chairman
Matteo Tamburini	Standing auditor
Maria Maddalena Gnudi	Standing auditor
Francesco Molinari	Alternate auditor
Simone Alessandro Marchiò	Alternate auditor

INDEPENDENT AUDITORS

EY S.p.A.

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* The current board of directors and board of statutory auditors will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ended December 31, 2019.

** On June 21, 2019, Decio Masu, a director of Intercos S.p.A., resigned as director of the company effective June 30, 2019. As a result, the board of directors, after receiving the positive opinion of the board of statutory auditors, replaced, pursuant to art. 2386, paragraph 1, of the Italian Civil Code and art. 33 of the existing by-laws, effective July 1, 2019, the resigning director, with Nikhil Srinivasan, whose appointment was later confirmed on July 22, 2019 by the shareholders' meeting of Intercos S.p.A., with a mandate until expiry of the term of the current board of directors and, therefore, until the date of the shareholders' meeting called to approve the financial statements for the year ended December 31, 2019. It should be noted that Decio Masu also resigned from the board of directors of Cosmint S.p.A. effective April 30, 2019.

***Junbae Kim resigned on October 15, 2019; recruitment for a new director is still in progress. Therefore, for the moment, it has been decided to postpone the replacement of the resigning director pursuant to art. 2386, paragraph 1 of the Italian Civil Code until the recruitment process is completed.

INTERIM CONSOLIDATED REPORT
AT SEPTEMBER 30, 2019

INTRODUCTION

The Interim Consolidated Report at September 30, 2019 of the Intercos Group is prepared in accordance with the provisions of Art. 154 *ter*, paragraph 5 of Legislative Decree 58/98 – T.U.F., as amended, and drawn up in accordance with IAS 34 – "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB).

The notes to the interim consolidated financial statements at September 30, 2019, pursuant to IAS 34, are presented in a condensed form and do not include all the information required for the annual financial statements, in that they refer solely to those components which, by amount, composition or variation, are necessary for an understanding of the results of operations, cash flows and financial position of the Group as at that date. Therefore, the interim consolidated financial statements at September 30, 2019 should be read in conjunction with the 2018 annual consolidated financial statements of Intercos S.p.A.

The accounting policies and the basis of preparation of the interim consolidated financial statements have been applied on basis consistent with those adopted in the annual consolidated financial statements at December 31, 2018, except for the adoption of IFRS 16. The new standard eliminates the distinction between operating and finance leases for purposes of the preparation of financial statements by lessees, specifically, for all lease contracts with a lease term of more than 12 months.

On first-time adoption, the Group elected the following practical exemptions allowed by IFRS 16:

- choosing not to assimilate, on transition, leases with a remaining lease term of less than 12 months at the date of January 1, 2019 with short-term leases and leases of low-value assets of less than $5 thousand.

In order to recognize the impact of the retroactive recalculation resulting from the application of the new standard, the prior years presented for comparison purposes are restated under the full retrospective approach.

All amounts are expressed in thousands of euros, unless otherwise indicated.

The preparation of the Interim Consolidated Report has required the use of estimates by management.

With the intention of providing disclosure in line with the analysis and control criteria used by management to assess the Group's performance, the following pages present the reclassified consolidated statement of financial position at September 30, 2019 and the reclassified consolidated income statement for the nine months then ended, as well as the comparative financial statements at December 31, 2018 restated and at

September 30, 2018 restated, respectively, reclassified and supplemented with non-IFRS alternative performance measures.

The reclassifications had no effect on the net profit or on the equity reported in the interim consolidated financial statements.

The alternative performance measures identified in the reclassified consolidated income statement and the reclassified consolidated statement of financial position, not established by IFRS, are used by management to provide information for a better assessment of the results of operations and the financial position of the Group. Such performance measures should not be construed as a substitute for the performance measures established by IFRS.

The content of the alternative performance measures not arrived at directly from the financial statements is defined as follows:

- **EBITDA:** is calculated as profit before taxes, financial income (expenses) without any adjustment and depreciation, amortization and impairment reversals (losses). EBITDA also excludes income (expenses) from the management of unconsolidated companies and securities, as well as gains or losses on disposal of consolidated equity investments, classified under financial income (expenses) or, for the share of the profit (loss) of investments accounted for using the equity method (non-operating), within the result from investments accounted for using the equity method".
- **Adjusted EBITDA**: is calculated by deducting the following, if applicable, from EBITDA, as defined above:
  - impairment of goodwill, if any;
  - amortization of the portion of the purchase price allocated to intangible assets in a business combination, as established in IFRS 3;
  - restructuring costs, under specific and significant restructuring plans;
  - nonrecurring other income (expenses) referring to particularly significant events unrelated to ordinary business operations.
- **Operating working capital**: includes inventories and trade receivables and payables;
- **Net working capital**: is given by operating working capital net of other current assets and liabilities;
- **Net invested capital**: is the sum of non-current assets, non-current liabilities and net working capital;
- **Net debt (cash) or net financial position**: is given by the sum of current and non-current financial liabilities net of short- and long-term financial receivables, including cash and cash equivalents;
- **Headcount**: is given by the number of employees registered in the payroll book on the last day of the period under consideration.

IMPACTS ARISING FROM THE ADOPTION OF IFRS 16

On January 13, 2016, the IASB published the new accounting standard IFRS 16 "Leases". This new standard supersedes IAS 17 "Leases" and introduces accounting methods better suited to reflect the nature of the leases in financial statements.

IFRS 16 is applicable from January 1, 2019. Specifically, IFRS 16 introduces a single accounting model for leases in the financial statements of lessees according to which an asset is recognized for the right to use the underlying asset and a financial liability is recognized for the obligation to make future lease payments. Moreover, the nature of the expenses relating to the above lease is altered, insofar as IFRS 16 substitutes the accounting of expenses for operating leases on the straight-line basis, with the depreciation of the right-of-use asset and the interest expense on the lease liabilities.

Lessors continue to classify leases as operating or finance with lessor accounting substantially unchanged from IAS 17.

The Group applied IFRS 16 starting on January 1, 2019 (date of first-time application) and chose not to assimilate, on transition, leases with a remaining lease term of less than 12 months at January 1, 2019 with short-term leases and leases of low-value assets of less than $5 thousand.

In order to recognize the effect of the retroactive recalculation resulting from the application of the new standard, the prior years presented for comparison purposes were restated under the full retrospective approach.

Finally, an information system was identified and implemented that is considered suitable for supporting the new presentation of leases in the income statement, statement of financial position and cash flows statement.

The main assumptions used by the Group to estimate the impacts arising from the application of IFRS 16 at January 1, 2019 and the reconciliation of the main income statement and balance sheet data are reported below.

The key assumptions, besides those mentioned previously by the Group, are the following:

- all contracts outstanding at the date of first-time application of the new standard and regarding the right-of-use of third-party assets were assessed in light of the new accounting rules;
- as part of the assessments performed, the Group considered also non-structured agreements as a lease from a legal standpoint, but which could nevertheless contain a lease based on the new lease definition contained in IFRS 16. The Group therefore decided not to use the practical expedient that allowed leases to be identified on the basis of assessments already conducted in accordance with IAS 17 and IFRIC 4 – "Determining whether an Arrangement Contains a Lease";
- for contracts managed as 'finance' leases based on the previous accounting rules, no changes were made: therefore, the continuity of the accounting amounts and the interest rate previously applied was maintained; the amounts of these contracts have not been included in the notes commenting on the application of the new standard;

- in defining the scope of application of the standard, low-value contracts (i.e. below €5 thousand) and those with a short duration (term less than 12 months) were managed separately. The expenses relating to these contracts will continue to be recognized in the income statement as operating expenses identified separately, and they regard mostly certain computer equipment;
- the value assigned to the assets for the right-of-use was estimated as the value of the financial liability calculated based on the method set out in the new standard;
- in cases where it was not possible to identify clearly the separation between payments for the right-of-use of the asset (lease component) and payments for services or maintenance (non-lease component) relating to the same asset, the Group decided not to effect this separation and to consider the entire payment as a lease component;

With regard to the definition of the incremental borrowing rate (IBR) at the date of initial application of the new standard:

- a method of estimating the IBR was established for application to all contracts having similar characteristics, which are considered as a single portfolio of contracts. It was therefore decided to elect the adoption of the practical expedient of simplification to establish this parameter, as allowed by the new principle;
- the starting point for establishing the IBR at the date of first-time application of the new standard is the average loan rate in effect at December 31, 2018 of the parent company, with maturity dates similar to the average of the contracts that were being remeasured. This rate can be appropriately adjusted based on the requirements of the new accounting rules to simulate a theoretical marginal loan rate consistent with the contracts being assessed depending on the country and the financial structure of the subsidiaries.

The impacts produced by the application of this standard are presented in the following pages.

Reclassified Consolidated Statement of Financial Position Restated

(in € thousands)	12/31/2018	IFRS 16 Impacts	**12/31/2018 Restated**
Fixed assets	**297,195**	**27,380**	**324,575**
Inventories	117,476	-	117,476
Trade receivables	116,023	-	116,023
Trade payables	(121,645)	-	(121,645)
Operating working capital	***111,853***	**-**	***111,853***
Other current assets and liabilities (*)	(34,795)	(155)	(34,950)
Net working capital	***77,058***	***(155)***	***76,903***
Other non-current assets and liabilities (**)	3,087	594	3,681
Investments accounted for using the equity method	6,114	-	6,114
Net invested capital	***383,454***	***27,819***	***411,273***
Equity	***199,476***	***(1,550)***	***197,926***
Cash and cash equivalents	(94,367)	-	(94,367)
Financial payables	278,345	29,369	307,714
Net financial position	***183,978***	***29,369***	***213,347***
Total sources	***383,454***	***27,819***	***411,273***

Notes on the reconciliation between the reclassified consolidated statement of financial position and the consolidated statement of financial position are the following:

(*) Includes the items Other current assets, Other current liabilities and Derivatives
(**) Includes the items Deferred tax assets, Other non-current receivables, Non-current provisions for risks, Deferred tax liabilities, Other non-current liabilities and Employee benefit obligations.

Reclassified Consolidated Income Statement by Function Restated

(in € thousands)	9 months ended 9/30/2018	IFRS 16 Impacts	**9 months ended 9/30/2018 Restated**
Revenues	**508,818**	**-**	**508,818**
Cost of sales	(399,138)	294	(398,844)
Industrial gross profit	**109,680**	**294**	**109,974**
Industrial gross margin	*21.6%*	*0.0%*	*21.6%*
Research & Development and innovation costs	(26,736)	1	(26,735)
Selling expenses	(17,683)	161	(17,522)
General and administrative expenses	(21,092)	49	(21,042)
Other operating income (expenses)	4,805	-	4,805
Result from investments accounted for using the equity method (operating)	(2,940)	-	(2,940)
Nonrecurring income (expenses)	(161)	-	(161)
Operating profit (EBIT)	**45,873**	**505**	**46,378**
EBIT margin	*9.0%*	*0.0%*	*9.1%*
Depreciation, amortization and impairment reversals (losses)	(22,776)	(3,234)	(26,011)
EBITDA (*)	**68,649**	**3,740**	**72,389**
Nonrecurring income (expenses)	(161)	-	(161)
Adjusted EBITDA (*)	**68,811**	**3,740**	**72,550**
Adjusted EBITDA margin	*13.5%*	*0.0%*	*14.3%*
Financial income (expenses) (**)	(6,788)	(555)	(7,343)
Result from investments accounted for using the equity method	18	-	18
Profit before taxes (EBT)	**39,102**	**(50)**	**39,053**
Income taxes	(10,762)	44	(10,718)
Profit for the period	**28,341**	**(6)**	**28,335**

(*) For additional details, reference should be made to the notes on page 3 and 4.
(**) Financial income (expenses) is the sum of financial income (expenses) without any adjustment.

KEY DATA

Highlights of the Group:

(in € thousands)	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated	Change
Revenues	*520,460*	*508,818*	*11,642*
EBITDA	*76,670*	*72,389*	*4,281*
Adjusted EBITDA	***82,476***	*72,550*	*9,926*
Adjusted EBITDA margin	***15.8%***	*14.3%*	*1.6%*
Operating profit (EBIT)	*48,325*	*46,378*	*1,947*
EBIT margin	*9.3%*	*9.1%*	*0.2%*
Profit before taxes (EBT)	*44,791*	*39,053*	*5,738*
EBT margin	*8.6%*	*7.7%*	*0.9%*
Profit for the period	*33,311*	*28,335*	*4,976*
Profit margin	*6.4%*	*5.6%*	*0.8%*

(in € thousands)	**9/30/2019**	12/31/2018 Restated	Change
Net working capital	*109,766*	*76,903*	*32,863*
Net working capital turnover	*6.41*	*8.99*	*-2.59*
Net invested capital	*446,721*	*411,273*	*35,448*
Non-current assets	*361,387*	*357,119*	*4,268*
Total net financial position (excluding IFRS 16 impacts)	*184,508*	*183,978*	*530*
Net financial position	*213,266*	*213,347*	*(81)*

	9/30/2019	9/30/2018 Restated	Change
Headcount (number)	*3,607*	*3,485*	*122*
Earnings per share (basic and diluted) – in Euro	*0.36*	*0.31*	*0.05*

Reclassified Consolidated Statement of Financial Position

(in € thousands)	**9/30/2019**	12/31/2018 Restated
Fixed assets	**328,225**	**324,575**
Inventories	127,191	117,476
Trade receivables	130,493	116,023
Trade payables	(107,515)	(121,645)
Operating working capital	***150,169***	***111,853***
Other current assets and liabilities (*)	(40,402)	(34,950)
Net working capital	***109,766***	***76,903***
Other non-current assets and liabilities (**)	5,303	3,681
Investments accounted for using the equity method	3,639	6,114
Net invested capital	***446,934***	***411,273***
Equity	***233,669***	***197,926***
Cash and cash equivalents	(70,937)	(94,367)
Financial payables	255,444	278,345
Total net financial position (excluding IFRS 16 impacts)	**184,508**	**183,978**
Financial payables from IFRS 16 application	28,758	29,369
Net financial position	***213,266***	***213,347***
Total sources	***446,934***	***411,273***

Notes on the reconciliation between the reclassified consolidated statement of financial position and the consolidated statement of financial position are the following:

(*) Includes Other current assets, Other current liabilities and Derivatives.
(**) Includes Deferred tax assets, Other non-current receivables, Non-current provisions for risks, Deferred tax liabilities, Other non-current liabilities and Employee benefit obligations.

Consolidated Net Financial Position - Net Debt (Cash)

(in € thousands)	**9/30/2019**	12/31/2018 Restated
Current net financial position	(21,505)	(34,114)
Current financial payables from IFRS 16 application	4,437	1,549
Total Current net financial position	**(17,068)**	**(32,565)**
Non-current net financial position	206,013	218,092
Non-current financial payables from IFRS 16 application	24,321	27,820
Total Non-current net financial position	**230,334**	**245,912**
Total net financial position – net debt (cash)	**213,266**	**213,347**
of which:		
Total net financial position – net debt (cash) (excluding IFRS 16 impacts)	**184,508**	**183,978**

Reclassified Consolidated Income Statement by Function

(in € thousands)	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Revenues	**520,460**	**508,818**
Cost of sales	(398,545)	(398,844)
Industrial gross profit	**121,915**	**109,974**
Industrial gross margin	*23,4%*	*21,6%*
Research & Development and innovation costs	(27,414)	(26,735)
Selling expenses	(19,888)	(17,522)
General and administrative expenses	(25,818)	(21,042)
Other operating income (expenses)	7,484	4,805
Result from investments accounted for using the equity method (operating)	(2,148)	(2,940)
Nonrecurring income (expenses)	(5,806)	(161)
Operating profit (EBIT)	**48,325**	**46,378**
EBIT margin	*9.3%*	*9.1%*
Depreciation, amortization and impairment reversals (losses)	(28,345)	(26,011)
EBITDA (*)	**76,670**	**72,389**
Nonrecurring income (expenses)	(5,806)	(161)
Adjusted EBITDA (*)	**82,476**	**72,550**
Adjusted EBITDA margin	*15.8%*	*14.3%*
Financial income (expenses) (**)	(3,534)	(7,343)
Result from investments accounted for using the equity method	-	18
Profit before taxes (EBT)	**44,791**	**39,053**
Income taxes	(11,480)	(10,718)
Profit for the period	**33,311**	**28,335**
Of which:		
- attributable to owners of the parent	33,141	28,242
- attributable to non-controlling interests	171	93
Earnings per share (in Euro):		
Basic and diluted	0.36	0.31

(*) For additional details, reference should be made to the notes on pages 3 and 4.
(**) Financial income (expenses) is the sum of financial income (expenses) without any adjustment.

The breakdown of the Group headcount at September 30, 2019 is as follows:

Group headcount (number)	9/30/2019	9/30/2018
Executives and mid-level managers	279	262
White collars	1,247	1,264
Blue collars	2,081	1,929
Total	**3,607**	**3,455**
Temporary	1,924	1,906
Total	**5,531**	**5,361**

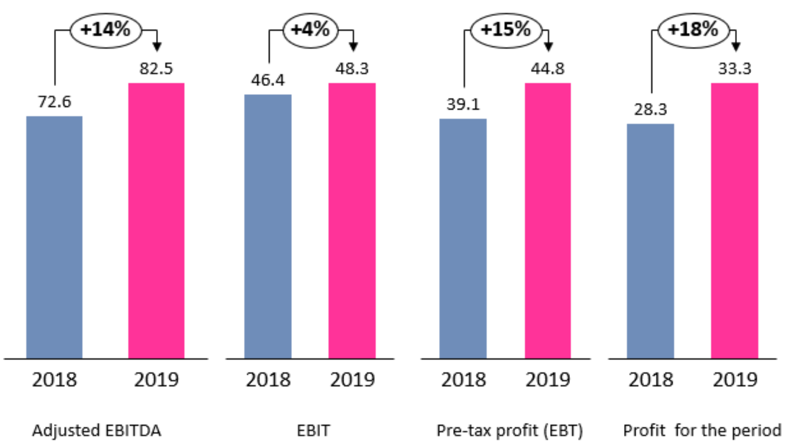
At September 30, 2019, the total headcount of Intercos Group is 5,531, of whom 3,607 are permanent and 1,924 are temporary.

PROFIT AND FINANCIAL PERFORMANCE OF THE INTERCOS GROUP

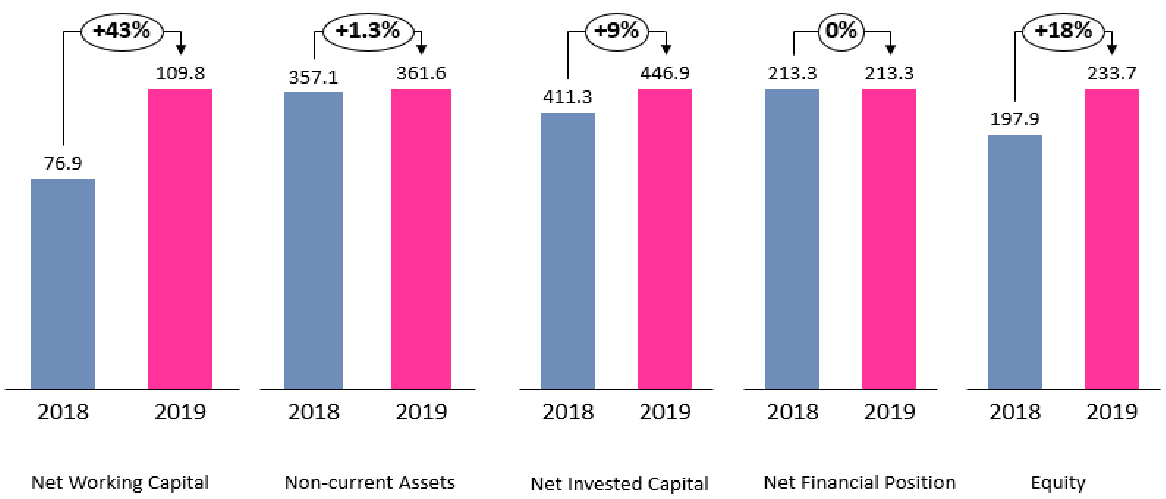
(in € millions)

Main consolidated profitability indicators of nine months ended 09/30/2019 compared to 09/30/2018 *(restated)*

(milioni di Euro)



Main consolidated balance sheet indicators of nine months ended 09/30/2019 compared to 12/31/2018 *(restated)*



The Group recorded +2.3% growth in sales revenues to €520,460 thousand in the first nine months of 2019 compared to €508,818 thousand in the same period of 2018 restated, with an increase of €11,642 thousand.

Double-digit growth of +13.7% or €9,926 thousand was recorded in Adjusted EBITDA owing to better margins particularly in the Make-Up CGU. This is a 1.6% margin gain for the entire Group to 15.8% compared to 14.3% in the first nine months of 2018 restated (€72,550 thousand).

Operating Profit (EBIT) is €48,325 thousand (9.3% EBIT margin) compared to €46,378 thousand in the first nine months of 2018 restated (9.1% EBIT margin) a +0.2% margin improvement. During the nine-month period, higher nonrecurring expenses were recorded which include costs for the reorganization of Cosmint and costs associated with the Management Long-term Incentive Plan. The Plan is intended to motivate certain key managers recognized as vital resources within Intercos by assigning free bonus shares to reinforce their loyalty and sense of belonging to the Group by aligning the individual's interest with those of the Group in the achievement of performance goals and with its stakeholders for the creation of value over time.

Capital expenditures in property, plant and equipment and intangible assets during the first nine months of 2019 total €23,010 thousand and €7,061 thousand, respectively.

The consolidated net financial position is €213,266 thousand and largely unchanged compared to the restated figure at December 31, 2018 (€213,347 thousand).
Excluding the impacts of the application of IFRS 16, the net financial debt position at September 30, 2019 is €184,508 thousand against €183,978 thousand at December 31, 2018 restated, or an increase of 0.3%.

Total equity of the Group is €233,669 thousand compared to €197,926 thousand at December 31, 2018 restated. The increase of €35,743 thousand is largely due to the higher profit reported in the first nine months of 2019.

STRUCTURE OF THE GROUP

Group organization

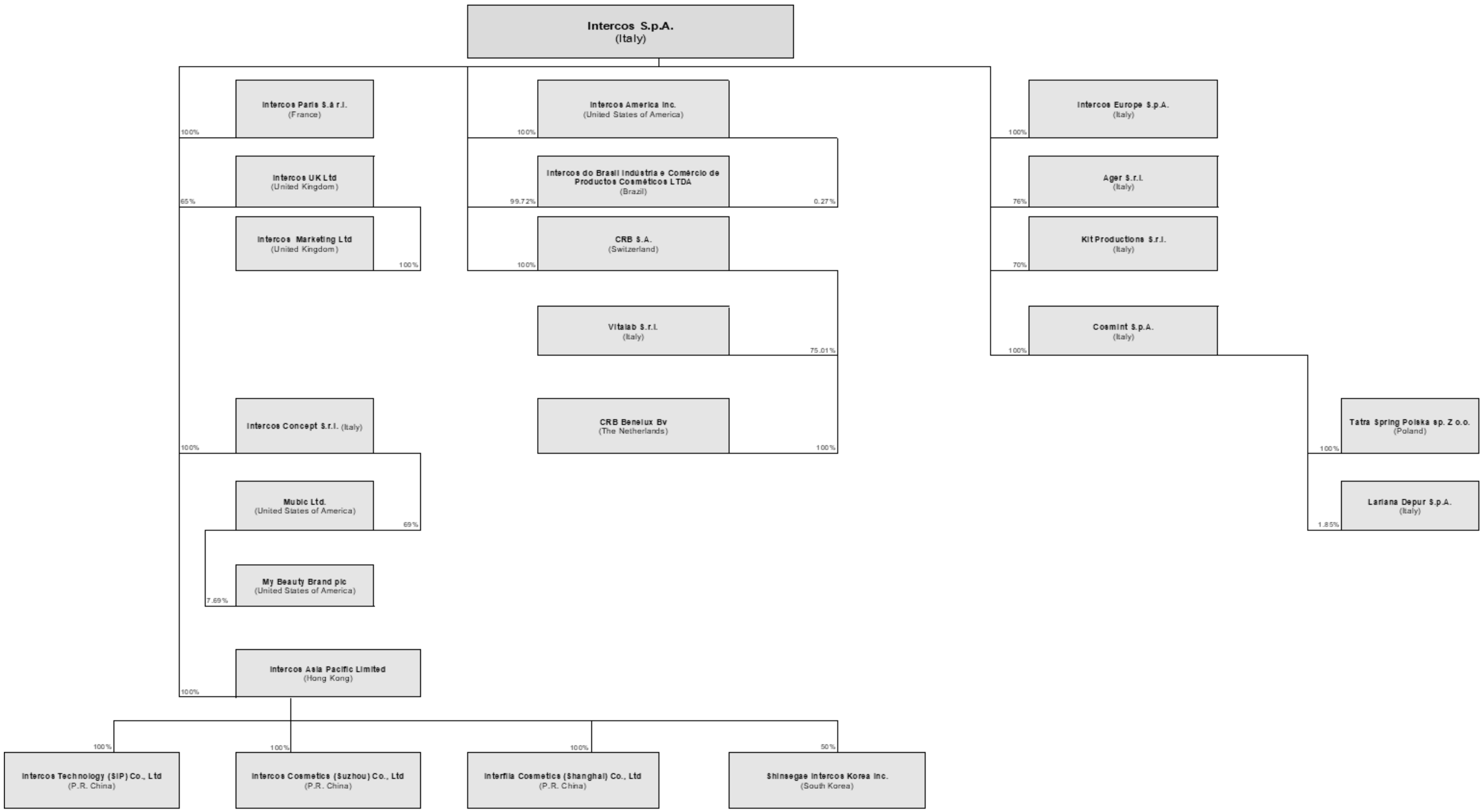
Intercos S.p.A. is a corporation organized under the laws of the Republic of Italy, with its registered office in Milan, Piazza Diaz 1.

The Group's business is organized into three areas identified on the basis of the following operating segments:

- ***Make-up Business Unit:*** specialized in the creation, development, manufacture and marketing of powders, emulsions, lipsticks, nail polishes and types of cosmetics using delivery systems in the form of pens/pencils for the face, eyes and lips.
- ***Skin Care Business Unit:*** specialized in the manufacture and marketing of cosmetic and skin care creams.
- ***Hair & Body Business Unit:*** specialized in the manufacture and marketing of skin, hair and body products.

The Group's main manufacturing facilities are at the plant sites in Italy, the United States, Switzerland, China, Poland, Brazil and South Korea.

The Group’s organization structure is updated to the closing date of the interim consolidated financial statements at September 30, 2019 and shows the operating companies and companies in liquidation.



COMPOSITION OF THE GROUP AND RELATED TRANSACTIONS AND EQUITY INVESTMENTS

The interim consolidated financial statements at September 30, 2019 include the financial statements and/or accounting data of Intercos S.p.A. (group holding company) and the subsidiaries and other companies (Italian and foreign) that carry out manufacturing and marketing activities, consolidated line-by-line or accounted for using the equity method.

The area of consolidation follows:

SUBSIDIARIES

(consolidated line-by-line)

Company	Head Office	Currency	Capital in '000 of currency	Percentage of ownership	
				Direct	Indirect
Intercos Europe S.p.A.	Milan	Euro	3,000	100.00%	
Kit Productions S.r.l.	Pessano con Bornago (Milan)	Euro	10	70.00%	
Ager S.r.l.	Monza	Euro	31	76.00%	
Intercos America Inc.	Wilmington, New Castle, Delaware (USA)	US dollar	10	100.00%	
Intercos do Brasil Indústria e Comércio de Productos Cosméticos ltda.	Atibaia (Brazil)	Brazilian real	34,877	99.72%	0.27%
Intercos Paris S.ar.l.	Paris (France)	Euro	14	100.00%	
Intercos UK Ltd	Barnstaple (UK)	British pound	0.1	65.00%	
Intercos Marketing Ltd	South Molton (UK)	British pound	0.001		100%
CRB S.A.	Puidoux (Switzerland)	Swiss franc	100	100.00%	
Vitalab S.r.l.	Milan	Euro	160		75.01%
CRB Benelux B.V.	Maastricht (Netherlands)	Euro	18		100.00%
Intercos Technology Co.Ltd.	Suzhou (P.R.C.)	US dollar	8,400		100.00%
Interfila Cosmetics (Shanghai) Co. Ltd	Shanghai (P.R.C)	US dollar	2,700		100.00%
Intercos Cosmetics Suzhou Co. Ltd.	Suzhou (P.R.C.)	US dollar	12,800		100.00%
Intercos Asia Pacific Limited*	Hong Kong	US dollar	29,104*	100.00%	
Intercos Concept S.r.l.	Milan	Euro	10	100.00%	
Cosmint S.p.A.	Olgiate Comasco	Euro	1,586	100.00%	
Tatra Spring Polska Spółka zoo	Garwolin (Poland)	PLN	50		100.00%
MUBIC Ltd.**	United States of America	US dollar	5,000		69.00%
My Beauty Brand plc***	United Kingdom	British pound	1,826		7.69%

* The investment in Intercos Asia Pacific Limited is recorded for USD 29,101 thousand and HKD 26 thousand; the latter, converted at the exchange rate at the transaction date, is equal to €3 thousand.
**Intercos S.p.A. holds a 69% indirect investment (through Intercos Concept S.r.l.) in MUBIC Ltd. The remaining 31% of share capital is held by a third party.
*** Intercos S.p.A. holds a 7.6% indirect investment (through MUBIC Ltd.) in My Beauty Brand plc.

During the period under examination, the area of consolidation changed as a result of the cessation of every activity and the definitive closing of any receivable or payable position whatsoever of the company Marketing Projects S.r.l. in liquidation, 100%-owned by Intercos S.p.A. and in a wind-up since June 14, 2012. Therefore, on January 31, 2019 the shareholders' meeting of the company approved the final liquidation financial statements at December 31, 2018 and the liquidation distribution plan pursuant to art. 2492 of the Italian Civil Code and authorized the liquidator of the company to file these with the Milan Company's Register together with the request to cancel the company from the Register.

SUBSIDIARIES CONSOLIDATED BY EQUITY METHOD

Company	Headquarters	Type of business conducted	Date of financial statements	Accounting principles applied	Share capital €/000	Total assets €/000	Total liabilities €/000	Currency	% Holding	% Voting rights	Ownership > 50% of voting rights but not control	Ownership < 50% of voting rights but control	Ownership > 20% of voting rights but not significant influence	Ownership < 20% of voting rights but significant influence	€/000
Direct control															
Shinsegae Intercos Korea	South Korea	Cosmetics Prod.	9/30/2019	IFRS	25,392	45,425	38,147	KRW	50%	50%	N/A	N/A	√	N/A	3,639

In June 2019, Intercos Asia Pacific Limited (IAPL) signed the agreement for the sale of its 20% minority stake in the Korean company Hana Co. Ltd to the same company. The sale was closed on June 26, 2019 when IAPL received the agreed price, with the consequent exclusion of the Korean company from the area of consolidation.

COMPANY ACCOUNTED FOR AT COST

Company	Headquarters	Currency	Capital in €/000	Percentage ownership	
				Direct	**Indirect**
Lariana Depur S.p.A.*	Como	EUR	24		1.85%

* Intercos S.p.A. holds a 1.85% indirect investment (through Cosmint S.p.A.) in Lariana Depur S.p.A. On October 21, 2019, Cosmint S.p.A. accepted the proposal for the sale of the shares held in Lariana Depur S.p.A.; to date, the sale is not yet finalized.

All amounts in the consolidated financial statements and tables are expressed in thousands of euros, unless otherwise indicated.

The exchange rates used for the translation of amounts expressed in currencies other than the euro are the following:

	Income Statement 9 months ended 9/30/2019	Statement of Financial Position 9/30/2019	Income Statement 9 months ended 9/30/2018	Statement of Financial Position 12/31/2018
	9-month average	*At period-end date*	*9-month average*	*At year-end date*
U.S. dollar	1.1237	1.0889	1.1949	1.1450
Pound sterling	0.8831	0.8857	0.8839	0.8945
Swiss franc	1.1182	1.0847	1.1611	1.1269
Chinese renminbi (yuan)	7.7118	7.7784	7.7792	7.8751
Brazilian real	4.3646	4.5288	4.2966	4.4440
South Korean won	1,305.8792	1,304.8300	1,303.5464	1,277.9300
Polish zloty	4.3012	4.3782	4.2478	4.3014

SEGMENT REPORTING

At September 30, 2019, the Group's operations are organized into three areas identified on the basis of the product lines indicated below:

- ***Make-up Business Unit**:* specialized in the creation, development, manufacture and marketing of powders, emulsions, lipsticks, nail polishes and types of cosmetics using delivery systems in the form of pens/pencils for the face, eyes and lips.
- ***Skin Care Business Unit:*** specialized in the manufacture and marketing of cosmetic and skin care creams.
- ***Hair & Body Business Unit:*** specialized in the manufacture and marketing of skin, hair and body products.

The Group's main manufacturing facilities are at the plant sites in Italy, the United States, Switzerland, China, Poland, Brazil and South Korea.

Financial information by business unit is periodically reviewed by the board of directors and also used for planning and budgeting purposes.

Detailed information on each identified segment for the nine months ended September 30, 2019 and September 30, 2018 restated, is presented in the following tables.

9 months ended 9/30/2019 - (in € thousands)	**Make-up line**	**Skin Care line**	**Hair & Body line**	**Total**
Revenues	338,124	71,855	110,481	520,460
Adjusted EBITDA (*)	64,593	6,694	11,189	82,476
Depreciation, amortization and impairment reversals (losses)	(19,340)	(3,173)	(5,832)	(28,345)
Nonrecurring income (expenses)				(5,806)
Financial income (expenses)				(3,534)
Income taxes				(11,480)
Profit for the period				33,311
Net invested capital at 9/30/2019	294,146	65,647	87,141	446,934

9 months ended 9/30/2018 - (in € thousands) - *restated*	**Make-up line**	**Skin Care line**	**Hair & Body line**	**Total**
Revenues	326,795	78,660	103,364	508,818
Adjusted EBITDA (*)	53,821	10,495	8,234	72,550
Depreciation, amortization and impairment reversals (losses)	(17,683)	(2,765)	(5,563)	(26,011)
Nonrecurring income (expenses)				(161)
Financial income (expenses)				(7,343)
Result from investments accounted for using the equity method				18
Income taxes				(10,718)
Profit for the period				28,335
Net invested capital at 12/31/2018 restated	265,180	68,785	77,308	411,273

(*) For additional details on Adjusted EBITDA, reference should be made to the comments on page 4

The **Make-up B.U.** recorded revenues of €338,124 thousand, up €11,330 thousand (+3.5%) compared to the same period of the prior year. The Group continues to grow and consolidate its leadership position in all geographical regions and in the Prestige segment.

Adjusted EBITDA is €64,593 thousand and €10,772 thousand (+20%) higher than in the first nine months of 2018 restated (€53,821 thousand). The Adjusted EBITDA margin grew to 19.1% in the first nine months of 2019 vs. 16.5% in the same period of 2018 restated and a change of +2.6%. The improvement is the result of higher sales and a better margin on the product mix sold during the first nine months of 2019.

The **Skin Care B.U.** totaled revenues of €71,855 thousand, with a decrease of €6,805 thousand (-8.7%) from the corresponding period of the prior year.

Despite the better overall margin on the product mix sold, Adjusted EBITDA is €6,694 thousand and €3,801 thousand (-36.2%) lower than in the first nine months of 2018 restated. This decrease can be traced to the reduction in sales and higher structure costs. The Adjusted EBITDA margin in fact in the first nine months of 2019 is 9.3% and a decrease of 4.0% against 13.3% for the same period of 2018 restated.

The **Hair & Body B.U.** reported revenues of €110,481 thousand. The increase of €7,118 thousand (+6.9%) over the same period of the prior year was achieved thanks to the contribution by Tatra Spring Polska Spółka z.o.o.

Adjusted EBITDA is €11,189 thousand and an increase of €2,955 thousand (+35.9%) compared to the same period of 2018 restated. The Adjusted EBITDA margin is 10.1% in the first nine months 2019 against 8.0% in the same period of 2018 restated and a change of +2.2%.

(in € thousands)

Revenues by business unit	**9 months ended 9/30/2019**	**9 months ended 9/30/2018 Restated**
Make-Up	338,124	326,795
Skin Care	71,855	78,660
Hair & Body	110,481	103,364
Total	**520,460**	**508,818**

Detailed information on revenues by geographical region is reported according to the location of the headquarters of the client to which the invoice was issued.

(in € thousands)

Revenues by geographical region	**9 months ended 9/30/2019**	**9 months ended 9/30/2018 Restated**
Americas	177,681	164,863
EMEA	280,382	278,305
Asia	62,397	65,651
Total	**520,460**	**508,818**

The different sales trends by geographical region in the first nine months 2019 compared to the corresponding period of the prior year are described below:

- Americas region sales recorded a +8% increase, particularly in the Prestige market segment of emerging brands customers.
- EMEA region sales total €280,382 thousand against €278,305 thousand in the same period last year, recording an increase of a €2,077 thousand (+1%) owing mainly to the Prestige market segment of emerging brands customers.
- Asia region overall revenues total €62,397 thousand, decreasing -5% compared to €65,651 thousand in the corresponding period of the prior year. The effect is mainly due to the change in the business model of an important customer from full service to free issue, with the consequent contraction of sales, but not margins. This is a validation of the strategy that confirms the Group as the partner of reference for emerging brands and local retailers.

Notes to the consolidated statement of financial position

1. Property, plant and equipment

The changes in property, plant and equipment during the first nine months of 2019 are as follows:

(in € thousands)	*January 1, 2019*	*Increases / Depreciation*	*Increases / Depreciation Option contracts*	*Translation differences / Reclassifica-tions*	*Decreases/ Utilization*	*September 30, 2019*
Historical cost						
Land and buildings	**219,911**	2,118	-	5,848	(26)	**227,851**
Plant and machinery	**209,237**	3,642	-	7,886	(416)	**220,348**
Industrial equipment	**47,901**	1,080	-	412	(125)	**49,267**
Office furniture and equipment	**18,392**	1,606	-	536	(110)	**20,423**
Motor vehicles and internal transportation equipment	**3,945**	1,194	-	(113)	(162)	**4,864**
Cell phones	**59**	10	-	(1)	-	**68**
Assets under construction and payments on account	**7,177**	13,361	-	(12,048)	(19)	**8,471**
Total	**506,621**	**23,010**	**-**	**2,520**	**(858)**	**531,293**
Accumulated depreciation						
Land and buildings	**108,390**	7,794	167	782	(2)	**117,131**
Plant and machinery	**152,209**	10,166	-	1,422	(362)	**163,436**
Industrial equipment	**41,515**	2,255	-	(107)	(106)	**43,557**
Office furniture and equipment	**14,212**	1,028	-	225	(100)	**15,365**
Motor vehicles and internal transportation equipment	**2,650**	578	-	(138)	(136)	**2,954**
Cell phones	**28**	2	-	-	-	**30**
Total	**319,004**	**21,823**	**167**	**2,184**	**(706)**	**342,473**
Net carrying amount	**187,617**	**1,187**	**(167)**	**337**	**(152)**	**188,820**

2. Intangible assets

The changes in intangible assets during the first nine months of 2019 are the following:

(in € thousands)	*January 1, 2019*	*Increases*	*Decreases/ Adjustments/ Translation differences*	*Reclassi-fications*	*Amortization*	*September 30, 2019*
Development costs	**14,664**	911	94	1,884	(4,332)	**13,220**
Patent rights and software	**3,784**	349	5	328	(1,118)	**3,348**
Concessions and licenses	**2,521**	2	21	222	(478)	**2,287**
Assets under development	**7,489**	5,893	-	(2,498)	-	**10,884**
Other intangible assets	**536**	(94)	(2)	80	(34)	**486**
TOTAL	**28,993**	**7,061**	**119**	**15**	**(5,963)**	**30,225**

3. Borrowings from banks and other lenders

Borrowings from banks and other lenders and relative maturity dates are as follows:

(in € thousands)

September 30, 2019	Short-term	Medium-term	Long-term	Total
Intercos S.p.A. bonds	1,987	117,952	-	119,939
Medium/long-term bank borrowings (syndicate)	18,606	57,000	-	75,606
Medium/long-term bank borrowings (CRB)	354	4,664	-	5,018
Medium/long-term bank borrowings (Cosmint)	4,891	17,309	-	22,200
IFRS 16 Leases	4,437	24,321	-	28,758
Finance leases payable	1,810	9,087	-	10,897
Other financial payables	340	-	-	340
Derivatives (liabilities)	424	-	-	424
Medium/long-term debt	**32,848**	**230,334**	**-**	**263,182**
Revolving credit facility Intercos S.p.A.	(151)	-	-	(151)
Revolving credit facility Intercos China	12,732	-	-	12,732
Bank overdrafts	8,439	-	-	8,439
Short-term debt	**21,020**	**-**	**-**	**21,020**
Borrowings from other lenders	-	-	-	-
Factoring companies payable	-	-	-	-
Total	**53,868**	**230,334**	**-**	**284,202**

Details of the remaining debt outstanding at September 30, 2019 are as follows:

Company	*Bank*	*Amount*	*Internal rate of return*	*Description*
Intercos S.p.A.	Institutional investors	119,939	3.776%	Bonds
Intercos S.p.A.	Bank syndicate	55,082	1.5% - 2.46%	Tranche in EUR
Intercos S.p.A.	Bank syndicate	9,342	4.530%	Tranche in USD
Intercos Europe S.p.A.	Bank syndicate	11,182	2.539%	Tranche in EUR
Cosmint S.p.A.	Bank syndicate	22,200	1.891%	Tranche in EUR
	Total	**217,745**		
CRB S.A.	BCV Bank	1,106	1.85%	Mortgage in CHF
CRB S.A.	BCV Bank	3,912	2.18%	Batiplus in CHF
	Total	**5,018**		

The internal rate of return is the rate used for IAS 39 measurements on the loans shown above.

Financial data

Total equity of the Group is €233,669 thousand compared to €197,926 thousand at December 31, 2018 restated, with an increase of €35,743 thousand. Additional details are provided in the comments on page 27 and in the consolidated statement of changes in equity on page 37.

The net financial position at September 30, 2019 is analyzed as follows:

(in € thousands)	**9/30/2019**	12/31/2018 Restated
Cash and cash equivalents	(70,937)	(94,367)
Borrowings from banks and other lenders	49,432	60,253
Current financial payables from IFRS 16 application	4,437	1,549
Current financial position	**(17,068)**	**(32,565)**
Borrowings from banks and other lenders	206,013	218,092
Non-current financial payables from IFRS 16 application	24,321	27,820
Non-current financial position	**230,334**	**245,912**
Net financial position - debt (cash)	**213,266**	**213,347**
of which:		
Total net financial position (excluding IFRS 16 impacts)	**184,508**	**183,978**

The consolidated net financial position is €213,266 thousand and in line with the figure at December 31, 2018 restated (€213,347 thousand).

Excluding the impacts of the application of IFRS 16, the net financial debt position at September 30, 2019 is €184,508 thousand against €183,978 thousand at December 31, 2018 restated, or an increase of 0.3%.

4. Financial position data summary

The equity and financial structure of the Group at September 30, 2019 compared to December 31, 2018 restated, is represented as follows:

(in € thousands)	**9/30/2019**	12/31/2018 Restated
Inventories	127,191	117,476
Trade receivables and other receivables	146,011	128,813
Income taxes receivable	3,585	3,406
Current non-financial liabilities (*)	(167,020)	(172,792)
Net working capital	**109,766**	**76,903**
Property, plant and equipment	188,820	187,617
Other intangible assets (**)	138,804	136,933
Other non-current assets (*)	33,375	32,544
Investments in other companies	601	24
Non-current assets	**361,600**	**357,119**
Employee benefit obligations	**(11,549)**	**(9,607)**
Provisions	**(553)**	**(440)**
Other non-current liabilities (*)	**(12,330)**	**(12,702)**
Net invested capital	**446,934**	**411,273**
Financed by:		
Current net financial position (*)	(17,068)	(32,565)
Non-current net financial position (*)	230,334	245,912
Total net financial position	**213,266**	**213,347**
Equity	**233,669**	**197,926**
Total	**446,934**	**411,273**

(*) Details of the composition of these items are provided in the "Reconciliation Schedule" on page 28.

(**) *Includes goodwill.*

Inventories total €127,191 thousand at September 30, 2019, up €9,714 thousand compared to December 31, 2018 restated (+7.3%) due to increased sales and higher safety stock levels.

Trade receivables amount to €130,493 thousand at September 30, 2019. The increase of €14,471 thousand (+12.5%), with higher average days' collection times compared to December 31, 2018, is essentially attributable to collections from major customers that occurred in the early days of the month after the closing of the previous interim accounting period.

Trade payables come to €107,515 thousand at September 30, 2019, with a decrease of €14,130 thousand.

Equity increased by €35,743 thousand mainly due to the profit reported for the period; the total other effects basically compensate each other. Specifically, the movements in equity refer to the positive change in the reserve for the Long-term Incentive Plan (LTIP) of €2,383 thousand; the negative change in the consolidation reserve of €69 thousand; the actuarial loss on the defined benefit obligation of €1,465 thousand; the positive change in the reserve on translating foreign operations of €1,747 thousand; the negative change in the fair value hedge reserve of €165 thousand; and, lastly, the profit for the period of €33,311 thousand.
It should be mentioned that during the period under examination the area of consolidation underwent changes owing to the cessation of all activities by the company Marketing Projects S.r.l. in liquidation, 100%-owned by Intercos S.p.A. Moreover, in June 2019, Intercos Asia Pacific Limited (IAPL) signed the agreement for the sale of its 20% minority stake in the Korean company Hana Co. Ltd. to the same company.

5. *Reconciliation schedules*

The following represent the reconciliations between the reclassified equity and financial structure previously presented and the items included in the interim consolidated statement of financial position at September 30, 2019:

(in € thousands)	**9/30/2019**	12/31/2018 Restated
are composed of:		
Trade payables and other payables	(158,224)	(167,632)
Taxes payable	(8,796)	(5,160)
Current non-financial liabilities (reclassified format)	**(167,020)**	**(172,792)**

(in € thousands)	**9/30/2019**	12/31/2018 Restated
are composed of:		
Deferred tax assets	22,603	20,007
Non-current security deposits	910	834
Investments	3,639	6,114
Receivables for indirect taxes	5,523	5,534
Other non-current assets	700	56
Other non-current assets (reclassified format)	**33,375**	**32,544**

(in € thousands)	**9/30/2019**	12/31/2018 Restated
are composed of:		
Deferred tax liabilities	(12,115)	(12,495)
Other non-current liabilities	(215)	(207)
Other non-current liabilities (reclassified format)	**(12,330)**	**(12,702)**

(in € thousands)	**9/30/2019**	12/31/2018 Restated
are composed of:		
Cash and cash equivalents	(70,937)	(94,367)
Financial payables (current portion)	53,868	61,802
Current net financial position (reclassified format)	**(17,068)**	**(32,565)**

(in € thousands)	**9/30/2019**	12/31/2018 Restated
are composed of:		
Financial payables (non-current portion)	230,334	245,912
Non-current net financial position (reclassified format)	**230,334**	**245,912**

6. Sales analysis

The Group companies contributed to sales (revenues from sales and services) as summarized below:

Income statement data *(in € thousands)*	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Ricavi	**520,460**	**508,818**

During the first nine months of 2019, the Group reported revenues from sales of €520,460 thousand compared to €508,818 thousand in the corresponding period of 2018 restated, with an increase of €11,642 thousand or 2.3%.

Additional details on the performance of each business unit is presented under segment reporting on page 20.

7. Income statement data summary

(in € thousands)	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Cost of sales	**(398,545)**	**(398,844)**
Net operating costs and nonrecurring expenses, of which:	**(73,590)**	**(63,595)**
Research & Development and innovation costs	(27,414)	(26,735)
Selling expenses	(19,888)	(17,522)
General & administrative expenses	(25,818)	(21,042)
Other operating income (expenses)	7,484	4,805
Result from investments accounted for using the equity method (operating)	(2,148)	(2,940)
Nonrecurring income (expenses)	(5,806)	(161)

Cost of sales totals €398,545 thousand in the first nine months of 2019 and the ratio of cost of sales to revenues is 76.6% compared to 78.4% in the same period of 2018 restated, highlighting an improvement of 1.8%.

Industrial gross profit:

Income statement data *(in € thousands)*	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Industrial gross profit	121,915	109,974

The industrial gross profit margin is 23.4% vs. 21.6% in the first nine months of 2018 restated. The 1.8% margin increase can be traced to the combined effect of higher volumes and margins by mix of customers and products sold.

Gross operating profit (Adjusted EBITDA):

Income statement data *(in € thousands)*	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Gross operating profit (Adjusted EBITDA)	82,476	72,550

Adjusted EBITDA is €82,476 thousand for a 15.8% margin vs. 14.3% in the first nine months of 2018 restated (€72,550 thousand). The increase of €9,926 thousand, which translates to a 1.6% margin increase, derives both from the better industrial gross profit margin and the attention placed by management on costs in order to contain fixed expenses.

Operating profit (EBIT):

Income statement data *(in € thousands)*	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Operating profit (EBIT)	48,325	46,378

EBIT (Operating Profit) is €48,325 thousand (9.3% EBIT margin) compared to €46,378 thousand in the first nine months of 2018 restated (9.1% EBIT margin), with a +0.2% margin improvement. During the nine-month period, higher nonrecurring expenses were recorded which include costs for the reorganization of Cosmint and costs associated with the Management Long-term Incentive Plan. The Plan is intended to motivate certain key managers recognized as vital resources within Intercos by assigning free bonus shares to reinforce their loyalty and sense of belonging to the Group by aligning the individual's interest with those of the Group for the achievement of performance goals and with its stakeholders for the creation of value over time.

Profit before taxes (EBT):

Income statement data *(in € thousands)*	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Profit before taxes (EBT)	44,791	39,053

Profit before taxes (EBT) is €44,791 thousand vs. €39,053 thousand in the corresponding period of 2018 restated. This was achieved not only thanks to the margin effects previously mentioned and the impact of nonrecurring expenses but also to lower net financial expenses incurred in the first nine months of 2019 compared to the same period of 2018 restated.

Profit for the period:

Income statement data *(in € thousands)*	**9 months ended 9/30/2019**	9 months ended 9/30/2018 Restated
Profit for the period	33,311	28,335

Profit for the period is €33,311 thousand and an increase of €4,976 thousand compared to the first nine months of 2018 restated (€28,335 thousand).

Related party transactions:

In general, related party transactions are carried out on an arm's length basis.

There were no atypical and/or unusual transactions during the period.

Details of the most important transactions entered into during the period with related parties, including joint ventures, are as follows:

€/000	Commodities, consumer goods and cost for service	Personnel cost	Other operating expenses	Financial charges	Financial income	Trade receivables	Trade payables	Financial payables
Dafe International S.r.l.	*(98)*	-	-	-	-	-	*34*	-
Sci Maragia	*(34)*	-	-	-	-	-	*146*	-
Je m'en fous	-	-	-	-	-	-	*(5)*	-
Arterra Bioscience S.p.A.	*(912)*	-	*(0)*	*(11)*	*1*	-	*350*	*340*
My Style	-	-	*(17)*	-	-	-	-	-
Interior	*(0)*	-	*(3)*	-	-	-	*1*	-
Catterton	*(30)*	-	*(0)*	-	-	-	*13*	-
Vault	*(296)*	-	-	-	-	-	-	-
Maragia USA Inc	*(21)*	-	-	-	-	-	*21*	-
Cornelli Gabelli e associati	*(131)*	*(19)*	*(6)*				*47*	
Family and relatives of Dario Ferrari	-	*(123)*	-	-	-	-	-	-
Total	***(1,522)***	***(141)***	***(25)***	***(11)***	***1***	-	***607***	***340***

€/000	Revenues	Other operating income	Commodities, consumer goods and cost for service	Personnel cost	Other operating expenses	Financial charges	Financial income	Trade receivable s	Trade payables	Financial payables
Intercos Korea LTD	*1,364*	*195*	*(886)*	-	-	-	-	*1,440*	*604*	-
Total	***1,364***	***195***	***(886)***	-	-	-	-	***1,440***	***604***	-

BUSINESS OUTLOOK

A substantially positive trend is anticipated for the full-year 2019, in effect confirming the Group's expectations.

SIGNIFICANT NONRECURRING EVENTS AND TRANSACTIONS

There were no significant nonrecurring events and transactions during the first nine months of 2019.

SIGNIFICANT EVENTS DURING THE PERIOD AND TRANSACTIONS SUBSEQUENT TO SEPTEMBER 30, 2019

During the first nine months of the year under examination, the area of consolidation changed as a result of the cessation of every activity and the definitive closing of any receivable or payable position whatsoever of the company Marketing Projects S.r.l. in liquidation, 100%-owned by Intercos S.p.A. and in a wind-up since June 14, 2012. Therefore, on January 31, 2019 the shareholders' meeting of the company approved the final liquidation financial statements at December 31, 2018 and the liquidation distribution plan pursuant to art. 2492 of the Italian Civil Code and authorized the liquidator of the company to file these with the Milan Company's Register together with the request to cancel the company from the Register.

On June 11, 2019, Intercos Asia Pacific Limited (IAPL) signed the agreement for the sale of its 20% minority stake in the Korean company Hana Co. Ltd. to the same company. The sale was closed on June 26, 2019 when IAPL received the agreed price.

On June 21, 2019, Decio Masu, a director of Intercos S.p.A., resigned as director of the company effective June 30, 2019. As a result, the board of directors, after receiving the positive opinion of the board of statutory auditors, replaced, pursuant to art. 2386, paragraph 1, of the Italian Civil Code and art. 33 of the existing by-laws, the resigning director, with Nikhil Srinivasan effective July 1, 2019.
Subsequently, on July 22, 2019, the shareholders' meeting of Intercos S.p.A., confirmed Nikhil Srinivasan as a director of the company until expiry of the term of the current board of directors and, therefore, until the date of the shareholders' meeting called to approve the financial statements for the year ended December 31, 2019. It should be noted that Decio Masu also resigned from the board of directors of Cosmint S.p.A. effective April 30, 2019.

On July 23, 2019, Intercos Concept S.r.l. acquired a 69% interest in MUBIC Ltd, an American-registered company; the remaining 31% interest is held by a third party.

On September 10, 2019, MUBIC Ltd acquired a minority interest (7.69%) in the start-up company *"My Beauty Brand"* for an investment of £500,000.

The company and its shareholders are evaluating certain potential strategies to support the growth of the company including, in due course, also a possible IPO of the company’s shares on a regulated market.

In October, Intercos S.p.A. acquired an 8.8% minority interest in the company “Arterra Bioscience S.p.A.” (formerly “Arterra Bioscience S.r.l.”) for a total investment of €1,500,000.

INTERCOS GROUP
Global Cosmetic Manufacturer

INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2019

Consolidated Statement of Financial Position at September 30, 2019 and December 31, 2018 restated (unaudited)

(in € thousands)	**September 30, 2019**	December 31, 2018 Restated
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	*188,820*	*187,617*
Intangible assets	*30,225*	*28,993*
Goodwill	*108,579*	*107,940*
Investments	*4,240*	*6,139*
Deferred tax assets	*22,603*	*20,007*
Other non-current assets	*7,133*	*6,423*
Non-current assets	***361,600***	***357,119***
CURRENT ASSETS		
Inventories	*127,191*	*117,476*
Trade receivables	*130,493*	*116,023*
Other current assets	*19,103*	*16,196*
Cash and cash equivalents	*70,937*	*94,367*
Current assets	***347,723***	***344,061***
TOTAL ASSETS	***709,323***	***701,180***
EQUITY		
Share capital	*10,818*	*10,818*
Other reserves	*66,005*	*66,005*
Retained earnings	*152,719*	*118,538*
Equity attributable to owners of the parent	*229,543*	*195,362*
Equity attributable to non-controlling interests	*4,126*	*2,564*
TOTAL EQUITY	***233,669***	***197,926***
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings from banks and other lenders	*230,334*	*245,912*
Provisions	*553*	*440*
Deferred tax liabilities	*12,115*	*12,495*
Other non-current liabilities	*215*	*207*
Employee benefit obligations	*11,549*	*9,607*
Non-current liabilities	***254,766***	***268,661***
CURRENT LIABILITIES		
Borrowings from banks and other lenders	*46,294*	*56,704*
Other financial payables	*7,574*	*5,097*
Trade payables	*107,515*	*121,645*
Other current liabilities	*59,505*	*51,147*
Current liabilities	***220,888***	***234,594***
TOTAL EQUITY AND LIABILITIES	***709, 323***	***701,180***

Consolidated Income Statement

for the nine months ended September 30, 2019 and September 30, 2018 restated (unaudited)

(in € thousands)	**9 months ended September 30, 2019**	9 months ended September 30, 2018 Restated
Revenues	***520,460***	***508,818***
Cost of sales	*(398,545)*	*(398,844)*
Industrial gross profit	***121,915***	***109,974***
Research & Development and innovation costs	*(27,414)*	*(26,735)*
Selling expenses	*(19,888)*	*(17,522)*
General and administrative expenses	*(25,818)*	*(21,042)*
Other operating income (expenses)	*7,484*	*4,805*
Result from investments accounted for using the equity method (operating)	*(2,148)*	*(2,940)*
Nonrecurring income (expenses)	*(5,806)*	*(161)*
Operating profit (EBIT)	***48,325***	***46,378***
Financial income	*7,465*	*6,021*
Financial expenses	*(11,000)*	*(13,364)*
Result from investments accounted for using the equity method (financial)	-	*18*
Profit before taxes (EBT)	***44,791***	***39,053***
Income taxes	*(11,480)*	*(10,718)*
Profit for the period	***33,311***	***28,335***
Attributable to:		
- owners of the parent	*33,141*	*28,242*
- non-controlling interests	*171*	*93*
Earnings per share (in Euro):		
Basic and diluted	0.36	0.31

Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2019 and September 30, 2018 restated (unaudited)

(in € thousands)	**9 months ended September 30, 2019**	9 months ended September 30, 2018 Restated
Profit for the period	***33,311***	***28,335***
Other comprehensive income that will not be reclassified subsequently to the income statement, net of tax effect		
- Actuarial gains (losses) on remeasurement of defined benefit plans	*(2,190)*	*561*
- Tax effect	*725*	*(43)*
Actuarial gains (losses), net of tax effect	***(1,465)***	***518***
Other comprehensive income that will be reclassified subsequently to the income statement, net of tax effect		
- Exchange differences on translating foreign operations	*1,747*	*(873)*
Exchange differences on translating foreign operations	***1,747***	***(873)***
- Fair value hedge	*(217)*	*197*
- Tax effect	*52*	*(47)*
Fair value hedge, net of tax effect	***(165)***	***150***
Comprehensive income for the period	***33,428***	***28,130***
Attributable to:		
- owners of the parent	*33,225*	*28,030*
- non-controlling interests	*203*	*100*

Consolidated Statement of Changes in Equity at September 30, 2019 (unaudited)

(in € thousands)	**Attributable to owners of the parent**				**Attributable to non-controlling interests**		**Total**
Description	Share capital	Other reserves (Share premium reserve)	Reserves and retained earnings	Profit for the period	Share capital	Profit for the period	
Balances at January 1, 2019 - Restated	**10,818**	**66,005**	**71,451**	**47,087**	**2,459**	**106**	**197,926**
Appropriation of 2018 profit	-	-	47,087	(47,087)	106	(106)	-
Capital increase	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	1,693	-	54	1,747
Other comprehensive income, net of tax effect	-	-	-	(1,608)	-	(22)	(1,630)
Net change in LTIP reserve	-	-	2,383	-	-	-	2,383
Consolidation reserve	-	-	(1,427)	-	1,358	-	(69)
Profit for the period	-	-	-	33,141	-	171	33,311
Balances at September 30, 2019	**10,818**	**66,005**	**119,494**	**33,225**	**3,923**	**203**	**233,669**

Consolidated Statement of Cash Flows
for the nine months ended September 30, 2019 and September 30, 2018 restated ***(****unaudited)*

(in € thousands)	**9 months ended September 30, 2019**	9 months ended September 30, 2018 Restated
Profit for the period	***33,311***	***28,334***
Depreciation, amortization and impairment reversals (losses)	*27,954*	*26,010*
Nonrecurring income (expenses)	*5,806*	*161*
Change in provisions	*(5,216)*	*(396)*
Financial income (expenses)	*3,534*	*7,343*
Decrease / (Increase) in inventories	*(8,611)*	*(10,616)*
Decrease / (Increase) in trade receivables, net	*(13,353)*	*5,289*
Increase / (Decrease) in trade payables	*(14,842)*	*(23,536)*
Decrease / (Increase) in other assets	*(6,520)*	*(7,147)*
Increase / (Decrease) in other payables	*7,320*	*3,360*
Cash flows provided by (used in) operating activities (a)	***29,385***	***28,803***
Acquisition of property, plant and equipment	*(23,010)*	*(16,507)*
Acquisition of intangible assets	*(7,061)*	*(5,921)*
Disposals of property, plant and equipment and intangible assets	*152*	*513*
Acquisition of investments	*1,898*	*(1,588)*
Cash flows provided by (used in) investing activities (b)	***(28,020)***	***(23,503)***
Increase / (Decrease) in borrowings from banks and other lenders	*(21,801)*	*14,710*
Interest paid during the year	*(5,635)*	*(5,701)*
Cash flows provided by (used in) financing activities (c)	***(27,436)***	***9,009***
Change in equity (d)	*1,943*	*897*
Net increase (decrease) in cash and cash equivalents (a)+(b)+ (c) + (d)	***(24,128)***	***15,207***
Cash and cash equivalents, at beginning of the period	*94,367*	*68,777*
Of which, change in exchange differences	*(698)*	*(204)*
Cash and cash equivalents, at end of the period	*70,937*	*84,188*
Net increase (decrease) in cash and cash equivalents during the period	***(24,128)***	***15,207***