

PRESS RELEASE

Agrate Brianza, November 11, 2021

THE BOARD OF DIRECTORS APPROVED THE CONSOLIDATED RESULTS TO SEPTEMBER 30, 2021

- **Revenues: €485.4 million (+10.7% rep FX and +12.3% c FX).**
- **Adjusted EBITDA: €70.6 million (+13.3%), with an Adjusted EBITDA margin of 14.5% (14.2% in the first nine months of 2020).**
- **Net Financial Position: €180.1 million, an improvement from €194.0 million at December 31, 2020 (-7.2%).**

The Board of Directors of Intercos S.p.A. (ICOS.MI) met today under the presidency of Dario Gianandrea Ferrari and approved the consolidated financial results for the first nine months of 2021.

Revenues of the Intercos Group for the first nine months of 2021 amounted to €485.4 million, up +10.7% (+12.3% c FX). It should be noted that the subsidiary Intercos Korea Inc. was fully consolidated only from the beginning of the second half of financial year 2020 following the acquisition of the remaining 50% of the shares in the previous joint venture. Had the two periods under comparison included the revenues of Intercos Korea Inc. starting from January 1, 2020, the growth in revenues would have been +3.5% (+5.0% c FX).

Main consolidated figures (€M)	9M 2021	9M 2021	% vs 2020	
			rep FX	c FX
Revenues	485.4	438.6	+10.7%	+12.3%

Revenues in the third quarter 2021 totaled €170.8 million, up +6.1% (+7.8% c FX) on a like-for-like basis as the effects of the full consolidation of the subsidiary Intercos Korea Inc. began from the start of the third quarter of 2020.

Main consolidated figures (€M)	Q3 2021	Q3 2021	% vs 2020	
			rep FX	c FX
Revenues	170.8	161.0	+6.1%	+7.8%

Adjusted EBITDA of the Intercos Group in the first nine months of 2021 is €70.6 million compared to €62.3 million in the corresponding period of the prior year (+13.3%).

The Adjusted EBITDA margin is 14.5% in the first nine months of 2021 compared to 14.2% in the same period of last year.

In the third quarter of 2021 Adjusted EBITDA is €26.5 million with an Adjusted EBITDA margin of 15.5% compared to €20.6 million in the same period of the prior year (with a 12.8% margin).

The **Net Financial Position** of the Intercos Group at September 30, 2021 is €180.1 million and an improvement from €194.0 million at December 31, 2020, with a 1.89 leverage ratio of debt to Adjusted EBITDA (2.23 at December 31, 2020).

COMMENTS FROM THE CEO

Comments from RENATO SEMERARI, the CEO of Intercos S.p.A.

“Today, just a few days after our debut on Euronext Milan, we are publishing the results for the first nine months of 2021.

A year certainly atypical for all companies in the sector, characterized by a first quarter still carrying the effects of the pandemic and then followed by a very strong acceleration in demand that has however caused a marked global crisis in the transportation industry and the supply chain. Against this backdrop, we recorded double-digit growth in consolidated revenues despite, for us, an unfavorable currency effect. Our results still do not fully reflect the company’s recovery post-Covid. The trends of our order-in-take and total order book are much more positive than our trend in revenues as they are already higher than the levels in 2019. The supply chain crisis in fact has progressively worsened reaching new peaks over the last few weeks. The supply of the main production components from packaging to silicones, to mica, up to colorants has reached absolutely unpredictable levels. And this did not allow us to carry out and implement fully all the work accomplished by our team. Regrettably, these difficulties are expected to persist over the next months, forcing us to engage in continuous efforts to minimize the consequences. Intercos nevertheless remains focused on its development over the long term, maintaining a sustained pace of innovation and promotions to customers. During the quarter we made presentations to over 143 customers worldwide on our Revolution Reloaded collection which contained 128 new formulas and generated a considerable amount of interest. On the commercial front, we have also finalized negotiations with our customers to increase our list prices with the aim of compensating the inflationary spiral begun over the course of the summer. We have also continued to work on our Digital Transformation roadmap, taking some very promising steps both on the AI and the Intercos Intelligence projects. At the same time, the M&A project of the Indian plant facility continued and is now near closing. All this during a very intense period which culminated in our listing on the stock exchange and laid solid foundations for the long-term growth of the company. I thank all of our collaborators for their professionalism and above all for their dedication.”

BREAKDOWN OF INTERCOS GROUP REVENUES

Intercos Group Revenues by Business Unit (€M)	9M 2021	%	9M 2021	%	% vs 2020
Make-up	296.9	61.2%	266.1	60.7%	+11.6%
Skincare	93.7	19.3%	70.1	16.0%	+33.7%
Hair & Body	94.8	19.5%	102.4	23.3%	-7.4%
REVENUES	485.4	100.0%	438.6	100.0%	+ 10.7%

In the first nine months of 2021 the Intercos Group reported revenues of €485.4 million. The figures refer to the revenues relating to the business units, which we describe below:

Make-up recorded revenues of €296.9 million, up +11.6% (+6.9% on a like-for-like basis) compared to the prior year. Such growth is attributable principally to the positive effects arising from the relaxation of restrictive measures (lock-downs, social distancing and the obligation to wear masks) introduced to contain the spread of the pandemic which, instead, had caused a significant decline in sales volumes in 2020. Specifically, the higher sales were achieved thanks to a strong growth in demand in America as well as the ongoing expansion of the market in China. These two regions also benefited from the success of certain strategic projects with important Emerging Brands and Multinationals.

Skincare totaled revenues of €93.7 million, up +33.7% (+5.5% on a like-for-like basis) mainly on account of the contribution to sales made by customers through the e-commerce channel, the consolidation of Intercos Korea Inc. for the first nine months of 2021, which led to the recognition of revenues of €18.6 million (€6.0 million to September 30, 2020 starting from the date of acquisition at the beginning of the third quarter), and the growth recorded by the skincare market which has shown to be the market least exposed to the effects of the pandemic.

Hair & Body reported €94.8 million in revenues, down -7.4% essentially owing to lower sales of hand sanitizers (which during 2020 had registered a significant increase due to their being part of the product categories aimed at reducing the possibility of infection). Excluding hand sanitizer sales, the Hair & Body business unit grew +4.4%.

The trend in revenues by business unit in the third quarter of 2021, on a like-for like basis, is the following:

Intercos Group Revenues by Business Unit (€M)	Q3 2021	%	Q3 2021	%	% vs 2020
Make-up	106.1	62.1%	97.3	60.4%	+9.0%
Skincare	33.7	19.7%	30.1	18.7%	+12.0%
Hair & Body	31.0	18.1%	33.6	20.9%	-7.7%
REVENUES	170.8	100.0%	161.0	100.0%	+6.1%

In the third quarter of 2021, Skincare confirmed its growth path. Make-up displayed a considerable improvement while Hair & Body recorded a contraction in sales attributable entirely to the reduction in demand for hand sanitizers. Excluding hand sanitizer sales, Hair & Body posted a growth of +3.4% and the Group an increase in revenues of +8.5%.

Revenues by sales region are allocated according to the region where the client has its headquarters and are reported below:

Intercos Group Revenues by Sales Region (€M)	9M 2021	%	9M 2021	%	% vs 2020
EMEA	240.1	49.5%	244.2	55.7%	-1.7%
Americas	154.0	31.7%	132.5	30.2%	+16.2%
Asia	91.3	18.8%	61.9	14.1%	+47.5%
REVENUES	485.4	100.0%	438.6	100.0%	+10.7%

Group revenues for the **EMEA** region totaled €240.1 million with a contraction of -1.7% (substantially on a like-for-like basis) largely attributable to a drop in sales in the first quarter of 2021 compared to the corresponding quarter of 2020 due to lower orders received in the last quarter of 2020 during the so-called second wave of the pandemic. The effect of this was only partially offset by a growth in revenues generated starting in the second quarter of 2021 when, in Europe, re-openings began concurrently with the acceleration of the vaccination campaigns.

Revenues of the Group for the **Americas** region amounted to €154.0 million with a growth of +16.2% (+15.0% on a like-by-like basis) for the most part owing to the recovery that exemplified the Americas region on account of re-openings and vaccination campaigns well in advance of the other geographical regions. This led to a significant increase in sales primarily as a result of the growth of Multinational customers compared to the corresponding period of 2020, thanks also to the success of important projects that exceeded our expectations.

Asia region Group revenues came to €91.3 million with an increase of +47.5%. The change on a like-for-like basis is 0.1% owing to a consolidation in the growth of Intercos Korea Inc. during its start-up phase. Excluding Intercos Korea Inc., the Asia region can be confirmed as one of strong expansion, recording a growth of +26.0%.

The trend in revenues by business unit in the third quarter is on a like-for-like basis since Intercos Korea Inc was acquired starting from the third quarter of 2020.

Intercos Group Revenues by Sales Region (€M)	Q3 2021	%	Q3 2021	%	% vs 2020
EMEA	82.7	48.4%	84.5	52.5%	-2.1%
Americas	57.6	33.7%	48.2	29.9%	+19.5%
Asia	30.5	17.9%	28.3	17.6%	+7.8%
REVENUES	170.8	100.0%	161.0	100.0%	+6.1%

The third quarter showed a growth of +6.1% mainly due to the strong recovery of the American market. The Asia region continued its expansion while the EMEA region again records a contraction in sales due to lower hand sanitizer volumes (+2.3% excluding hand sanitizers), a more gradual recovery phase and a greater impact from the supply chain crisis.

Revenues by customer type are as follows:

Intercos Group Revenues by customer type (€M)	9M 2021	%	9M 2020	%	% vs 2020
Multinationals	243.1	50.1%	219.4	50.0%	+10.8%
Emerging Brands	151.8	31.3%	135.6	30.9%	+12.0%
Retailers	90.5	18.6%	83.6	19.1%	+8.2%
REVENUES	485.4	100.0%	438.6	100.0%	+10.7%

Intercos Group Revenues by customer type (€M)	Q3 2021	%	Q3 2021	%	% vs 2020
Multinationals	80.3	47.0%	78.5	48.7%	+2.4%
Emerging Brands	57.3	33.5%	53.4	33.2%	+7.3%
Retailers	33.2	19.5%	29.1	18.1%	+13.9%
REVENUES	170.8	100.0%	161.0	100.0%	+6.1%

ORDER-IN-TAKE AND ORDER BOOK PROGRESS

The Group continues on its road of recovery and growth highlighted by the trend in order-in-take (order entry) as shown in the table below.

Order-in-take shows a growth of +7% against the same period of 2019; as a result Make-up has returned to pre-Covid levels while Skincare continues on its growth path.

Intercos Group Order-in-take (€M)	October YTD			Change	
	FY 21	FY 20	FY 19	vs FY20	vs FY19
Make-up	409.7	305.5	404.0	+34%	+1%
Skincare	100.5	92.6	73.3	+9%	+37%
Total Order-in-take	510.2	398.1	477.3	+28%	+7%

Recovery and growth are confirmed also by the substance of the current order book (order backlog) which, at the end of the month of October, was 41% higher than the same period of 2020 and 22% higher than the corresponding period of 2019.

Intercos Group Order Book (€M)	October YTD			Change	
	FY 21	FY 20	FY 19	vs FY20	vs FY19
Make-up	223.0	153.8	187.5	+45%	+19%
Skincare	43.3	35.0	30.2	+24%	+43%
Total Order Book	266.3	188.8	217.7	+41%	+22%

The order-in-take and order book figures of the Group do not include the Hair & Body business unit due to the different order forecasting mechanism related to the business model adopted for contract manufacturing. The above figures also include Intercos Korea Inc. for the years 2019 and 2020.

SIGNIFICANT EVENTS AT AND SUBSEQUENT TO SEPTEMBER 30, 2021

The company and its shareholders, in order to support the growth and development of the Intercos Group, have evaluated and completed the process for the initial public offering (IPO) of the shares of Intercos S.p.A. which listed its stock on Euronext Milan's Borsa Italiana on November 2, 2021

NOTES AND DEFINITIONS

For the purpose of providing information in line with the performance analysis and control parameters of the Group, non-IFRS alternative performance measures 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 interpreted as a substitute for the conventional performance measures established by IFRS.

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

- **EBITDA:** is defined as the sum of profit for the year plus income taxes, financial income and expenses and the effects of the valuation of investments using the equity method net of equity investments held for financial investment purposes and amortization, depreciation and write-downs.
- **Adjusted EBITDA:** is given by EBITDA less items of a non-recurring nature, that is, by particularly significant events that are not in the ordinary course of business or that have no effect on cash flows and/or changes in equity.
- **Net debt (cash) or net financial position** is given by 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:** indicates the aggregate of legally placed and processed orders by a company during the reporting period.
- **Order Book:** is the order backlog opened at any one given date

WEBINAR

The results for the first nine months of 2021 will be illustrated on November 11, 2021 at 18:00 (CET) during the course of a webinar delivered by senior management of the Intercos Group.

Click [here](#) to follow the webinar.

The presentation delivered on the webinar will be available on the company's website www.intercos.com under Investor Relations at:

<https://www.intercos-investor.com/investors/documenti-finanziari/presentazioni/>

Attestation by the Executive responsible for the Preparation of the Corporate Financial Reports

Pietro Oriani, as the executive responsible for the preparation of the corporate financial reports, declares – pursuant to the provisions of Article 154-bis, paragraph 2 of Legislative Decree 58/1998 (“Consolidated Law on Finance”) – that the accounting disclosure contained in this press release agrees with the results of the accounting records and entries.

This press release is available on the website www.intercos-investor.com and on www.1info.it.

Identifying Codes

- ISIN number: IT0005455875
- Stock ticker symbol: ICOS

Intercos Group

Intercos is one of the main global business-to-business operators in the creation, production and marketing of cosmetics, skincare products and hair & body treatments focusing on major national and international brands, as well as emerging brands, and retailers active in the cosmetics and beauty industries. Founded in 1972 by Dario Ferrari, Intercos has among its major customers the key players of the cosmetic industry and can count on about 5,200 employees, 11 research centers, 15 production plants and 15 sales offices located on three continents. For almost 50 years, Intercos has been interpreting beauty, creating cosmetic products and positioning itself as a trend setter capable of predicting, anticipating and influencing new trends in the world of cosmetics, thus satisfying the requests of all types of customers with products for all price ranges.

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