

## Strong revenue, order intake and EBITDA growth

Agrate Brianza, May 5, 2022 - The Board of Directors of Intercos S.p.A. (ICOS.MI), at today's meeting chaired by Dario Gianandrea Ferrari, approved the Q1 2022 Consolidated Results.

31 March 2022 Group Results Highlights:

- **Net Revenues: Euro 174.6 million**, up Euro **30.4 million** on Q1 2021 and 21.1% also at like-for-like consolidation scope (+17.8% at constant exchange rates). Particularly strong performances among our American and European customers. Excellent Skincare performance continues, together with strong recovery of Make-up.
- **Adjusted EBITDA: Euro 19.1 million**, increasing Euro **3.2 million** (+20%) on the first quarter of the previous year, in line with rising sales. Adjusted EBITDA margin on net sales of **10.9%**.
- **Net Financial Position of Euro 154.8 million**, decreasing by Euro 46.6 million compared to 31 March 2021. The temporary absorption of cash in Q1, amounting to €28.2 million, reflects the higher inventories to handle the excellent order intake amid continued supply chain uncertainty, together with higher trade receivables due to the progressive increase in revenues over the quarter. Financial leverage (net financial position on last twelve months adjusted EBITDA) of 1.48x.
- **ESG:** The new Sustainability Report was published on Intercos' corporate website.

### **Renato Semerari, CEO of Intercos**

*"Revenue growth of 21% was reported in Q1, representing a significant recovery on the previous year. The margin was also satisfying, with EBITDA up 20%, substantially in line with revenues. The excellent order intake also continued, which in February and March hit monthly records.*

*All international Groups in our sector and beyond are experiencing major difficulties due to difficult-to-predict outside factors. The recent distressing events in Ukraine are impacting costs affected by energy price volatility, while the fresh lockdowns in China are again causing supply chain delays.*

*Despite this, we continue to see increasing demand among customers in countries not experiencing such complexities. Consumption overall has therefore been highly resilient. Skincare reports excellent performances (+37.4%), as does the Make-up segment (+24.4%). By leveraging Intercos' competitive advantage of geographical diversification, we have been able to counteract the fluctuating market trends evident in certain parts of the world. We are very satisfied with the Q1 performances in the US and Europe, supported by strong Emerging Brand and Prestige segment performances. Asia also performed satisfactorily, thanks to Korea which offset underperformances in countries where pandemic restrictions were tighter: in China, new unexpected closures due to the pandemic impacted finished product goods shipments.*

*The results to date allow us to look to the rest of the year with confidence and confirm our forecasts of revenue growth for the current year of between 10 and 15%."*

**Sales by Business Unit, Commercial area, customer type**

€/mln	1Q22	1Q21	Var.	% vs. 1Q21
<b><u>Business Unit</u></b>				
Make-up	109,2	87,8	21,4	24,4%
Skincare	29,8	21,7	8,1	37,4%
Hair&Body	35,6	34,8	0,9	2,6%
<b>Total Net Sales</b>	<b>174,6</b>	<b>144,2</b>	<b>30,4</b>	<b>21,1%</b>
<b><u>Commercial Company</u></b>				
EMEA	88,0	73,2	14,8	20,3%
Americas	56,7	43,0	13,7	31,8%
Asia	29,9	28,0	1,9	6,8%
<b>Total Net Sales</b>	<b>174,6</b>	<b>144,2</b>	<b>30,4</b>	<b>21,1%</b>
<b><u>Customer Type</u></b>				
Multinationals	87,9	76,7	11,2	14,6%
Emerging Brands	56,1	39,3	16,8	42,7%
Retailers	30,7	28,3	2,4	8,5%
<b>Total Net Sales</b>	<b>174,6</b>	<b>144,2</b>	<b>30,4</b>	<b>21,1%</b>

Intercos Group **Revenues** in Q1 2022 totalled **Euro 174.6 million**, up **21.1%** also at like-for-like consolidation scope (+17.8% c FX). Although performances have been excellent, growth could have been higher but for the complexities which continue to affect the supply chain, most recently the lockdown in China, which resulted in restrictions both on the receipt of materials at our facilities and on product deliveries.

Analysing revenues by **business unit**:

- The **Make-up** segment reported revenues of **Euro 109.2 million**, up **24.4%**. The growth seen across all commercial areas, and particularly in North America and Europe, supported by the excellent prestige segment performance, saw us beat the pre-pandemic levels of 2019.
- **Skincare** in Q1 reported revenues of **Euro 29.8 million**. The sales increase of **37.4%** was achieved thanks to the effective execution of the Group's product innovation and commercial strategy. The excellent performance was seen both on the prestige and mass segments.
- **Hair & Body** reported revenues of **Euro 35.6 million**, growth of 2.6% on 2021. 1Q21 was still characterized by the exceptional sales of Hand sanitizer. Excluding these sales, the business unit grew 14%. As previously announced, also thanks to the recent agreement with Dolce&Gabbana Beauty, we forecast good medium-term growth for this category - the latest which the Intercos Group has entered.

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

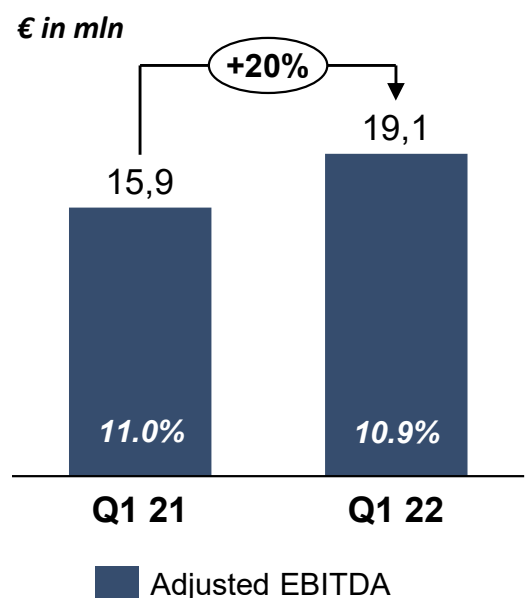
- **EMEA** reports revenues of **Euro 88 million**, up **20.3%** on Q1 2021. A recovery on the previous year was seen both on the mass and prestige segments, with excellent performances among Italian, UK and French customers.
- The **Americas** reported revenues of **Euro 56.7 million**, up **31.8%** on the previous year. The post-pandemic recovery continues to be strongest at a global level, driven in particular by the excellent performances in the US by the Emerging Brands and the Multinationals.
- **Asia** reports quarterly revenues of **Euro 29.9 million**, increasing **6.8%** on 2021. The good performance in the region however was impacted by the new lockdowns in this commercial area. Korea however continues to outperform expectations.

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

- **Multinational** customers reported revenues of **Euro 87.9 million**, up **14.6%**, supported by excellent performances principally in the US and for the Make-up business unit.
- **Emerging Brand** customers grew strongest, reaching **Euro 56.1 million (+42.7%)**. This increase was mainly in the US and EMEA, which are more mature markets, reflecting current trends by which the emerging brands are increasingly central players on the cosmetics market.
- **Retailer** customers reported revenues of **Euro 30.7 million**, up **8.5%**, benefiting from the looser pandemic-related restrictions compared to the previous year, particularly in EMEA.

**Consolidated EBITDA**

**Group Adjusted EBITDA** in Q1 2022 was Euro **19.1 million**, up Euro **3.2 million (+20%)**. The higher sales in Q1 2022 offset at earnings level, (i) the impact from inflation due to the geopolitical tensions which resulted in significant energy price volatility, in certain periods also greater than expectations, and (ii) higher personnel costs, which in the previous year benefited from support schemes to offset the impacts of the pandemic.



## Outlook & Guidance

The Group is continuing to see strong order intake growth, as follows:

- in April 2022, the company's order intake (excluding the Hair & Body Business Unit) totalled Euro 236 million, increasing 18% on the previous year, with Make-up accounting for Euro 194 million (+28%), while Skincare accounted for Euro 43 million (-7%);
- also in April 2022, the current Order Book (excluding the Hair & Body Business Unit) totalled Euro 344 million, up 48% on the previous year, of which Make-up accounting for Euro 293 million (+61%), while Skincare totalled Euro 52 million (+4%).

As previously announced on publication of the annual results, we continue with great displeasure to witness the geopolitical tensions which have hit the Ukrainian population.

Our Group has made a donation to this impacted population, not only through utilising Group funds, but also through involving our employees - whom we thank - and who of their own accord decided to donate a number of hours of their salary to those affected by the conflict.

The current war is causing great volatility for energy prices, imposing limited visibility on raw material and packaging inflation.

Hong Kong in February was heavily impacted by a new wave of pandemic infections and in March China, also as a result of the pandemic, saw the closure of a number of cities (including Shanghai), resulting in the significantly reduced operability of the port, which is one of the world's largest. The lockdowns are having further repercussions on the supply chain on the one hand, and will cause an inevitable decrease in forecast Asian market growth, particularly in China, on the other.

With regard to the latter factor, we consider our Group to be better positioned than others to cope with the new variables. We are highly diversified in terms of geographies covered and products sold, more exposed in the western world than the Asian market, while outperforming growth expectations in Korea.

The week of April 25 saw the reopening of Cosmoprof, following our Beauty Event start-up in March. We have welcomed around 150 customers, from multinationals to emerging brands, interested in discovering the new trends and formulations proposed by Intercos for the years to come.

In view of that outlined above, the Group confirms the previously announced forecasts, which indicate net sales growth in 2022 of between **10 and 15%**. This factors in the supply chain difficulties, which are delaying the conversion of orders into sales.

## 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.

### RESIGNATION OF A SENIOR DIRECTOR

It is announced that, Mr. Daniel Gregory Pettifer, *Global Senior Vice President, Industrial Operations*, resigned today and with effect from June 1, 2022 to pursue new professional challenges and that, at the date of his resignation, he holds 30,726 company shares. The Company thanks Daniel for his four years at the Intercos Group, wishing him all the best for his future. For the purpose of replacing Mr. Daniel Gregory Pettifer, the Company has already identified possible candidates within the Group and, in the coming months, a new appointment will be made. From June 1, 2022 and until the date of the appointment of the new Global Senior Vice President Industrial Operations who will replace Daniel Gregory Pettifer, the above-mentioned position will be held *ad interim* by the Chief Executive Officer Mr. Renato Semerari who has declared his availability to temporarily cover the role.

The only amounts due to Mr. Daniel Gregory Pettifer for various reasons at the end of his employment relationship with Intercos S.p.A. will be as follows: (i) Euro 26,923.08 gross, by way of remuneration for the month of May 2022, to be paid by the 3<sup>rd</sup> June 2022; (ii) Euro 425 gross, by way of travel allowance, to be paid by 5<sup>th</sup> July 2022; (iii) Euro 11,217.95 gross, by way of 13th month accruals (5 accruals), to be paid by 5<sup>th</sup> July 2022; (iv) Euro 6,092.71 gross, by way of holidays due, to be paid by 5<sup>th</sup> July 2022; (v) Euro 128,933.00 gross, by way of MBO 2021, to be paid by 5<sup>th</sup> July 2022; and (vi) Euro 262,500.00 gross (equal to 75% of the Annual Gross remuneration received in the 12 months prior to the date of resignation, excluding any bonuses or one-off payments) as consideration for the non-competition commitment signed by Mr. Daniel Gregory Pettifer at the time of hiring and valid for a period of 12 months from the date of termination, for any reason, of the employment relationship, to be paid in 12 monthly installments, starting from July 2022 and until June 2023. Subject to the above, no further indemnities and/or benefits are payable to Mr. Daniel Gregory Pettifer on termination of employment. Mr. Daniel Gregory Pettifer will not maintain any participation in the Company's incentive plans.

### CALLING OF THE SHAREHOLDERS' MEETING TO SUPPLEMENT THE BOARD OF STATUTORY AUDITORS

Considering the resignations of the Statutory Auditor Ms. Maria Maddalena Gnudi on April 21, 2022, the Board of Directors at today's meeting approved the calling of the Shareholders' Meeting for June 29, 2022 in order to supplement the Board of Statutory Auditors.

### RESULTS PRESENTATION CONFERENCE CALL

The Q1 2022 results shall be presented to analysts and investors on May 5, 2022 at 6.45 PM (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.com](http://www.intercos.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](http://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

H1 2022 Report	<b>August 4, 2022</b>
Q3 2022 Report	<b>November 7, 2022</b>

### IDENTIFICATION CODES

ISIN Code of the Shares: IT0005455875

Symbol: ICOS

### 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 5,200, 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.

## OTHER INFORMATION

### 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.
- 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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