In the first nine months of 2023, sales up 23% to Euro 735 million. EBITDA exceeds Euro 102 million, increasing 21%.

Agrate Brianza, November 6, 2023 - The Board of Directors of Intercos S.p.A. (ICOS.MI), at today's meeting chaired by Dario Gianandrea Ferrari, approved the Interim Report for the period ended September 30, 2023.

- **Net Sales** of **€735 million**, up **+23.1%** on the first nine months of 2022 (**+24.6%** at constant exchange rates). Growth was across all geographic areas, business units and all customer types. Despite the exceptional growth in the third quarter of the previous year, the third quarter of 2023 also saw sustained sales growth (**+7.7%** and **+10.6%** at constant exchange rates), thanks to Intercos' highly diversified business model. The positive trend in order intake also continues, supported by the new projects developed by the Group.

- **Adjusted EBITDA** of **€102.3 million**, up +**21.2%** (**+€17.9 million**) on the first nine months of 2022. The increase in EBITDA was entirely due to the excellent sales performance: the EBITDA margin on net sales for the first nine months was **13.9%**, substantially in line with the previous year (14.1%). EBITDA for the third quarter amounted to €34.9 million, also in line with 2022 (€35.8 million).

- **Net Financial Position** of **€123.5 million**, substantially in line with June 30, 2023. The **financial leverage** (net financial position over adjusted EBITDA) is **0.89x,** decreasing **0.13x** from September 30, 2022, despite the accounting impact from the application of IFRS16, which in 2023 resulted in an increase in the financial debt of €19.7 million.

Renato Semerari, CEO of Intercos

"Revenues for the first nine months were up 25% (at constant exchange rates) on the previous year. Growth is also reported for the third quarter (+11% at constant exchange rates), despite the extraordinary sales reported in the third quarter of the previous year (+29% at constant exchange rates) due to the execution of previously unfilled orders as a result of the supply chain management difficulties.
The increase in revenues, again in the third quarter, was achieved thanks to our business model whose clear strength is its diversification: the equal exposure to both the mass and prestige segments has allowed us to offset the temporary realignment of inventory levels by the retailers and prestige brands. The Hair & Body business unit has benefitted from a quickly-expanding fragrances market, while our service of local brands in Asia allows us to offset the fluctuations among the western luxury brands - particularly in China, where our Group continues to grow.
Group EBITDA in the first nine months exceeded €102 million, increasing substantially in line with sales levels. The decrease in the EBITDA margin on net sales, emerging in the second and third quarters of the year and whose impact in terms of overall EBITDA generation was more than offset by the increasing sales volumes, is due to the change in mix (mass vs prestige) and the significant Hair & Body Business Unit growth, which features lower profitability than the Make-up and Skincare business units.
We continue to look with optimism to the medium/long-term growth outlook for our Group. The Beauty market in which Intercos operates is continually expanding and our business model, focused on innovation and the diversification of products, customers, geographic areas and market segments, is our main growth driver."

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Sales by Business Unit, Commercial area, customer type

€/mln	9M23	9M22	Var.	% vs. 9M22	3Q23	3Q22	Var.	% vs. 3Q22
Business Unit								
Make-up	454.0	391.0	63.0	16.1%	149.8	154.4	(4.6)	(3.0%)
Skincare	109.6	96.6	13.0	13.4%	37.6	31.3	6.2	19.9%
Hair&Body	171.4	109.4	62.0	56.6%	59.3	43.4	15.9	36.7%
Total Net Sales	**735.0**	**597.1**	**138.0**	**23.1%**	**246.7**	**229.1**	**17.6**	**7.7%**
Commercial Company								
EMEA	380.5	283.1	97.4	34.4%	122.3	106.4	15.9	14.9%
Americas	234.0	209.4	24.6	11.7%	82.6	84.9	(2.3)	(2.7%)
Asia	120.5	104.5	16.0	15.3%	41.8	37.8	4.0	10.6%
Total Net Sales	**735.0**	**597.1**	**138.0**	**23.1%**	**246.7**	**229.1**	**17.6**	**7.7%**
Customer Type								
Multinationals	371.1	338.9	32.2	9.5%	116.4	129.5	(13.1)	(10.1%)
Emerging Brands	293.1	192.8	100.3	52.1%	106.0	77.5	28.5	36.8%
Retailers	70.8	65.3	5.5	8.4%	24.3	22.2	2.2	9.7%
Total Net Sales	**735.0**	**597.1**	**138.0**	**23.1%**	**246.7**	**229.1**	**17.6**	**7.7%**

Group Net sales in the first nine months of 2023 totalled **€735 million**, up **+23.1%** or **+24.6%** at constant exchange rates. Despite the performance for the third quarter of the previous year, significantly up on the same quarter of the preceding year (+29% at constant exchange rates), the third quarter of 2023 again saw very solid growth, up **+7.7%** or **+10.6%** at constant exchange rates.

Analysing revenues by **business unit:**

- The **Make-up** segment reported revenues of **€454 million,** up **+16.1%**. All geographic areas and customer types reported growth. The third quarter saw a slight contraction on the western markets, particularly for the multinationals, while the good performances for the Emerging Brands and in China continued.
- **Skincare** reported revenues of **€109.6 million** in the first nine months, increasing **+13.4%.** The performance was driven by the growth of the North American and European customers. Both the Multinationals and the Emerging Brands performed solidly. The excellent performance was further improved upon in the third quarter (+19.9%).
- **Hair & Body** reported sales of **€171.4 million,** growth of **+56.6%.** The new agreements signed with a number of brands continue to support sales growth, as confirmed also by the excellent results for the third quarter of the year (+36.7%). The investments made at the end of 2022 and at the beginning of 2023 to expand the fragrances production capacity are allowing us to satisfy the increasing demand on this market.

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

- **EMEA** continues to be the best-performing geographic area, both in the first nine months (**+34.4%** to **€380.5 million**), and in the third quarter (+14.9% to €122.3 million). All Business Units, customer types and market segments (mass and prestige) reported growth in the first nine months of the year. Growth in the third quarter was driven mainly by the Hair & Body and Skincare business units.

- The **Americas** reported revenues of **€234 million,** up **+11.7%** on the first nine months of 2022. This growth was supported by the excellent results delivered by the Make-up and Skincare business units, with both the Emerging Brands and Multinationals performing well. The third quarter reported sales substantially in line with the previous year (-2.7%), with the Emerging Brands and Skincare offsetting the slight decrease of the Multinationals.

- **Asia** reported revenues of **€120.5 million**, up **+15.3%** in the first nine months of 2023. Excellent performances were reported also in the third quarter (+10.6%). Both China and Korea contributed positively to this result, particularly in the Make-up segment.

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

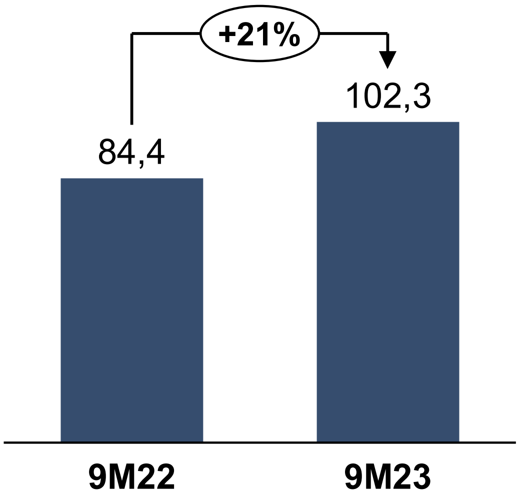
- The **Multinational** customers reported revenues of **€371.1 million**, up **+9.5%**, thanks to the excellent results for all business units, particularly in Europe and the US. The third quarter saw a decline of 10.1% which was concentrated particularly among the prestige make-up brands, due to the expected temporary realignment of our customers' inventory.

- The **Emerging Brands** customers were confirmed as the main growth driver, reaching revenues of **€293.1 million (+52.1%).** Both the mass and prestige segments also in the third quarter reported growth (+36,8%), and particularly the US and EMEA area.

- The **Retailers** saw similar growth both in the first nine months and in the third quarter (respectively +8.4% and +9.7%), mainly driven by the Make-up business unit.

EBITDA

Group **Adjusted EBITDA** in the first nine months of 2023 was **€102.3 million**, up **+21.2%** (or **+€17.9m**), thanks to the excellent sales and substantially stable profitability compared to the previous year (-22Bps). Adjusted EBITDA in the third quarter was substantially in line with the third quarter of the previous year (-2.3% or -€0.8 million). In fact, as previously stated, the temporary change in mix both among the Business Units and market segments (more mass, less prestige) resulted in a reduced EBITDA margin on net sales, which however was almost completely offset in value terms by the increased sales volumes.



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Outlook & Guidance

We are satisfied with the results for the first nine months of the year, also in view of the exceptional growth reported by our Group in the second half of the previous year.

The Beauty market both in the EMEA area and in the US continues to demonstrate good growth levels, with the former benefiting from both rising prices and volumes, while the latter continues to be driven mainly by increasing prices. Asian, and in particular Chinese, growth appears weaker than expected, with the local brands currently performing better than the western brands.

In this environment, we remain optimistic on our Group's growth outlook and confident in the strength of our diversified and innovation-focused business model.

The temporary and previously indicated realignment of luxury brand inventory levels, particularly among the multinationals, emerging in the second quarter of 2023, shall inevitably only last a few months. At the same time, concerns of more moderate market growth in the near future are driving brands to seek product innovation that will enable them to gain market share to sustain revenue growth. This is an opportunity for the Intercos Group, which is globally recognized as the benchmark in terms of innovation and for its ability to predict future trends. The sharp increase in order in-take for new products since the beginning of the year highlights that this process has already started.

In addition, the increasingly stringent regulations (such as China's CSAR and the US's MOCRA) and the demand for increasingly clean/"free of..." products is an additional factor which supports the Intercos Group, as clients will have to deal with higher complexity (with a possible greater push towards outsourcing) and direct smaller competitors, who are not as well equipped as Intercos, will have to face several difficulties.

Finally, we expect Asia to resume its role as the engine of global growth thanks to the development of India, the success of the Korean products - not only in Asia but also in the western world - and the full recovery of the Chinese market. In this market, we expect to see a business period favourable to the local brands who will inevitably attempt to gain share also in the masstige and prestige segments, which are best suited to Intercos' market offer. We therefore expect that the Chinese market shall gradually develop favourably for the Intercos China subsidiaries.

Looking to the short-term and financial year-end, we confirm the guidance provided on publishing the first half-year results. We therefore expect slightly increased sales in Q4 vs. a year ago and adjusted Q4 2023 EBITDA in line with 2022 in absolute terms.

In September-October 2023, the company's order in-take (excluding contract manufacturing, i.e. the Hair & Body Business Unit) was again solid, reaching €108 million, in line with the previous year. Despite the temporary reduction in inventories among our customers and particularly in the prestige segment, which is impacting order in-take related to the reorder of existing products, orders continue to benefit from the excellent development of the new projects.
This strong order in-take has delivered a very solid Order Book at the end of October 2023 of €292 million - particularly in consideration of the fact that the entire backlog stemming from the execution of unfulfilled orders due to the supply chain difficulties has now been satisfied.

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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.

RESULTS PRESENTATION CONFERENCE CALL

The first nine months 2023 results shall be presented to analysts and investors on November 6, 2023 at 6.30PM (CET). The conference may be followed by connecting to the following numbers: +39 02 8020911 (from Italy), +44 1 212818004 (from UK), +1 718 7058796 (from USA), (for journalists +39 02 8020927). The supporting presentation for the conference call shall be made available on the company website www.intercos-investor.com in the "Investor Relations" section at the following link: https://www.intercos-investor.com/investors/documenti-finanziari/presentazioni/ and on the "1info" storage mechanism at www.1info.it. From the day subsequent to the call, a recording of the call shall be made available on the same website.

UPCOMING FINANCIAL CALENDAR EVENTS

The date of publication of the Annual Financial Report at December 31, 2023 will be announced on the publication of the next financial calendar.

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 6,400, 11 research centers, 16 production facilities and 16 commercial offices across three continents. Intercos for 50 years has interpreted beauty, creating cosmetic products and becoming a trend setter which predicts, anticipates and influences new cosmetic trends, meeting the demands of a range of customers with products for all price ranges.

NOTE AND DEFINITIONS

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

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

• EBITDA: this is defined as the sum of net profit for the period, plus income taxes, financial income and expense, and the effects of valuing equity investments held as financial investments using the equity method and amortisation and depreciation.

• Adjusted EBITDA: this is obtained by deducting from EBITDA those components evaluated by the Company as non-recurring, i.e., particularly significant events that are not linked to the ordinary performance of the core businesses or that do not determine cash flows and/or changes in the amount of equity.

• 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:

- 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

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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 positionand 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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