

Record order entry (+19%) and order book.

Cyber attack resolved in the first quarter.

Intercos classified Prime by the ISS ESG rating.

Agrate Brianza, May 7, 2024 - 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 March 31, 2024. First Quarter 2024 Group Highlights:

- Make-up and skincare **order in-take**. Following the Group **record** of November and December 2023 (€127 million), new records were set in the first four months of 2024, with orders up by a total of **+€43 million** on the first four months of 2023. Specifically, in January-February the order intake reached **€133 million** (**+€21 million** on the previous year), while in March-April orders totalled **€142 million** (**+€23 million** on the previous year).
- In the first quarter of 2024, **Net Sales totalled €221.1 million**. As indicated, despite a better-than-forecast initial month of the year, the cyber attack in mid-February caused a significant slowdown to production and billing processes which lasted for approximately one month, and mainly affected the make-up production facilities. Sales in Q1 2024 were therefore slightly lower than the same period of the previous year (-5.8% or -4.8% at constant exchange rates). Excluding this event, sales would have increased on the previous year. Also thanks to the complete resolution in the second half of March of the problem related to the Cyber attack, this contraction of €13.5 million is expected to be recovered in the second quarter of 2024.
- **Adjusted EBITDA** in Q1 2024 of **€20.8 million**. Also in this case, the IT system downtime and related inefficiencies throughout the month needed to resolve the problem following the cyber attack led to slower and more onerous production and transformation processes. Adjusted EBITDA therefore decreased -€9 million on the first three months of the previous year. Adjusted EBITDA on net sales was 9.4%, also temporarily contracting on Q1 2023 for the same reasons (-331Bps).
- **Net Financial Position** of **€102.7 million**, substantially in line with December 31, 2023 (€100.2 million), and slightly increasing on the net financial position at March 31, 2023 (€96.7 million). Financial leverage (net financial position on adjusted EBITDA over the last twelve months) of 0.80x.
- **ESG**: The Intercos Group has been classified as "**Prime**" by **ISS ESG**'s Corporate Rating. As a result, according to ISS's rating methodology, Intercos' shares now qualify as a responsible investment. The new Sustainability Report has been published on Intercos' corporate website.

Renato Semerari, CEO of Intercos:

"The first quarter of 2024, which was expected to be challenging in view of the significant growth in the first quarter of 2023 (+34%), could have returned further growth thanks to the excellent order in-take of the Make-up and Skincare business units, together with the expected performance of the Hair&Body business unit. Unfortunately, the Cyber attack which hit our Group at a global level in February resulted on the one hand in a sharp slowdown of the production sites - and particularly those dedicated to make-up in Italy and in the US - while causing significant inefficiencies for transformation processes on the other, which lasted for approximately one month.

We are however very pleased with the management of this extraordinary event by our global IT team. Production was halted for a very limited time, and throughout the crisis management period the solutions implemented, although less cost-effective, allowed us to minimise the impact from a business perspective, enabling us to continue to offer a good level of service to our customers within this emergency context. In addition, after just one month, all activities have safely resumed and normal operations have been restored.

Slightly lower revenues were therefore reported in the first three months of 2024 compared to the previous year (-4.8% at constant exchange rates), with the Make-up production sites hit hardest by the cyber attack (the business unit reported a revenue contraction of -13.5%), while the Skincare and Hair&Body production facilities, less impacted by the management of the emergency, allowed respectively for stronger results than the previous year (+22.8% for skincare), or were in line with the previous year (-1.7% for Hair&Body). Adjusted EBITDA, which contracted Euro 9 million on the previous year, was impacted both by the reduction in sales and by the increased costs incurred for product processing, particularly for make-up.

With the Cyber attack now behind us, we look to the remaining nine months of the year with expectations for both revenue and profitability growth. As indicated, the order in-take for the last six months has been outstanding, with Intercos Group records continually being broken. In addition - and differing from last year - our prestige customers are gradually resuming orders at a normal pace, confirming our expectations that the inventory realignment phase is coming to an end. All this will not only enable us to recover the sales lost in the first quarter as early as the second quarter of the year, but also to expect increased profitability, particularly in the second half of 2024.

This has once again been made possible by our constant focus on innovation, which allows us, as in the past, to anticipate the market and increasingly be a benchmark for all beauty brands worldwide. The success at Cosmoprof was further confirmation of this, in view of the fact that during the week of our sector's main trade fair, the Group met more than 400 brands and received excellent feedback upon its products, trends and the innovations presented".

Sales by Business Unit, Commercial area, customer type

€/mln	1Q24	1Q23	Var.	% vs. 1Q23
<u>Business Unit</u>				
Make-up	127.9	147.8	(19.9)	(13.5%)
Skincare	39.5	32.1	7.3	22.8%
Hair&Body	53.7	54.7	(0.9)	(1.7%)
Total Net Sales	221.1	234.6	(13.5)	(5.8%)
<u>Commercial Company</u>				
EMEA	117.1	127.1	(10.0)	(7.9%)
Americas	60.6	72.4	(11.8)	(16.3%)
Asia	43.4	35.1	8.3	23.7%
Total Net Sales	221.1	234.6	(13.5)	(5.8%)
<u>Customer Type</u>				
Multinationals	104.6	127.2	(22.6)	(17.8%)
Emerging Brands	100.6	87.3	13.4	15.3%
Retailers	15.8	20.1	(4.3)	(21.4%)
Total Net Sales	221.1	234.6	(13.5)	(5.8%)

In the first quarter of 2024, Intercos Group **Sales** totalled **€221.1 million**, slightly decreasing on the same period of 2023 (-5.8%, or -4.8% at constant exchange rates). The performance was impacted by the Cyber attack and the consequent slowdown in production and billing: in the absence of this event, which mainly affected the dedicated make-up production facilities located in Italy and the US, and in view of the Order Book, sales would have been up on the first quarter of 2023.

In such an exceptional environment as this and which does not reflect the actual business performance, the sales analyses are more difficult to interpret. On this basis, analysing revenues by **business unit**:

- **Make-up** reported sales of **€127.9 million** (-13.5% on the first quarter of 2023). This business unit has been affected most by the inefficiencies arising from the IT system slowdown, also due to its particular level of complexity. Excellent performances are in general however reported on the Asian market, with the mass segment benefiting from the significant order in-take in 2023.
- **Skincare** reported sales in the first quarter of **€39.5 million**, up +22.8% on the previous year. In contrast to the make-up plant, the skincare facilities were less impacted by the cyber attack, managing to recover normal operations more quickly. The excellent business unit performance mainly stemmed from the strong Asian and North American customer contributions.

Sales by Business Unit, Commercial area, customer type

- **Hair & Body** reported sales of **€53.7 million**, substantially in line with 2023 (€54.7 million), although the Polish and Italian plant underperformed expectations due to the cyber attack. In this regard, we highlight the perfumery business, which continued to report excellent results.

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

- **EMEA** reported sales of **€117.1 million**, contracting -7.9% on the first three months of 2023. The decrease entirely concerned the curtailed operations at the Italian and US make-up plant, in the absence of which sales would have increased. In this exceptional environment, the Skincare and Hair&Body business units helped to limit the decline in sales. We highlight also the strong signs of recovery among the prestige customers.
- The **Americas** reported sales of **€60.6 million**, decreasing -16.3% on the previous year on the basis of the reasons reported also for EMEA. The Skincare Business Unit performed strongly, in line with the preceding quarters.
- **Asia** is the only region which - as impacted to a lesser extent by the Cyber Attack - reported significantly higher sales (+23.7%) of **€43.4 million**. Both Korea and China contributed to this result, with the local brands continuing to return excellent performances, both in the Make-up and Skincare areas.

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

- **Multinational** customers are those served most by the Italian and US Make-up plant. These customers were therefore the most impacted by the cyber attack. Sales of **€104.6 million** were reported in the quarter, decreasing -17.8%.
- The **Emerging Brands** customers benefited from the local Asian brands and the Hair&Body performances in line with the previous year, reporting sales of **€100.6 million** in the quarter (+15.3%).
- **Retail** customers reported sales of **€15.8 million**, decreasing (-21.4%) in view of the make-up business unit result.

In terms of the sales breakdown by customer type, as in the previous year, from the first quarter of 2024, the classification of a number of customers was slightly reviewed in order to reflect a number of changes to company details (e.g. certain Emerging Brands being acquired by multinationals reclassified to the respective cluster).

Consolidated EBITDA

Group **Adjusted EBITDA** in Q1 2024 was **€20.8 million**, decreasing -€9 million on the first quarter of 2023. The contraction was due, as previously indicated, to the decrease in sales volumes and the limited Group operations as a result of the Cyber attack suffered on the evening of February 18. After a total and abrupt shutdown of all Group IT systems and thus of the production plants, processes gradually restarted and only from the penultimate week of March (after approximately one month) was ordinary business fully restored. This resulted in (i) higher transformation costs and (ii) variable costs that did not decrease in proportion to sales due to the sudden interruption and/or decrease in business volumes, the duration of which was relatively short. Group EBITDA however totalled €16.7 million, decreasing -€11.9 million on the previous year, reflecting €2.9 million of increased non-recurring charges on the previous year, of which €1.4 million non-recurring charges identified and directly related to the cyber attack and €1.2 million concerning the write-down of the residual receivable from the “The Body Shop” customer, which was invoiced between the year-end of December 31, 2023 and the appointment of an Administrator following the initiation of the crisis procedure.

Outlook & Guidance

The remaining nine months of the year may benefit from the following three factors, which are all positive: (i) an order in-take trend which is consistently beating records, laying a solid foundation for future sales; (ii) the expected conclusion as predicted of the de-stocking of the prestige brands, which shall help to sustain the forecast increase in Group profitability, particularly for the Make-up business unit; (iii) the cyber attack has been fully resolved, allowing the Group to therefore return to full operations.

Innovation continues to be the main distinguishing feature of our business model and is the key factor behind our Group's continued position as a major global beauty industry player. During Cosmoprof, we welcomed more than 400 customers, from multinationals to emerging brands, interested in discovering the new trends and formulas proposed by Intercos for the years to come. We continue to develop new formulas and new patents, recognised by all sector players, as also highlighted by the steady increase in order in-take. In this regard, we have recently agreed collaborations with food sector players, enabling us to offer the market additional new formulas that are increasingly sustainable and feature unparalleled performances in our sector.

Our global presence and know-how across various markets, together with a proven capacity to innovate, is gradually enabling us to take full advantage of the clear growth of outsourcing, not only thanks to the excellent performances of the emerging brands, including in Asia, but also to the increase in partnerships with multinational players. Not least we consider that recently signed with Estee Lauder, which has decided to outsource the production of cosmetic powders in the US, and whose benefits shall mainly materialise from 2025.

Outlook & Guidance

The Group confirms the sales forecast for 2024 of net sales growth on 2023 at constant exchange rates within a range of **+6% and +8%**, despite the impact from the Cyber Attack in the first quarter of 2024.

The order trend confirms the expected recovery:

- in January-February and March-April 2024, the order in-take of the company (excluding contract manufacturing, e.g. the Hair&Body Business Unit) was respectively **€133 million** and **€142 million**, significantly up on the previous year (+€21 million and +€23 million). This growth was driven by the Make-up business unit, which contributed €32 million to growth in the first four months, also thanks to reorders from prestige customers. The skincare business unit also grew, with a €12 million increase in orders in the same period.
- The Company's Order Book as of April 2024 (excluding contract manufacturing) amounts to **€356 million**, a record also compared to the past periods that were exceptionally affected by the global supply chain slowdown. The Order Book is thus up €37 million on the previous year.

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.

RESULTS PRESENTATION CONFERENCE CALL

The Q1 2024 results shall be presented to analysts and investors on May 7, 2024 at 6.30 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 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

H1 2024 Report
Q3 2024 Report

August 1, 2024
November 6, 2024

IDENTIFICATION CODES

ISIN Code of the Shares: IT0005455875
Symbol: ICOS

RESIGNATION OF A SENIOR DIRECTOR WITH STRATEGIC RESPONSIBILITIES

The Company announces that Mr. Pietro Oriani, Group Chief Financial Officer, Executive Officer for Financial Reporting and Senior Director with Strategic Responsibilities of the Company, resigned today to pursue new professional challenges.

Mr. Pietro Oriani will remain in force until August 1st, 2024 in order to manage the activities related to the approval of the Half-Yearly Financial Report as of June 30th, 2024. Therefore, the effective date of his resignation will be August 2nd, 2024.

The Company thanks Mr. Pietro Oriani for his commitment to Intercos Group, for his significant professional contribution and the support given to the activities in these twelve years of collaboration, which allowed the Group to achieve a solid economic-financial balance, wishing him all the best for his future.

The Company will immediately start a selection process to replace Mr. Pietro Oriani and, as soon as possible, the Company will proceed with the appointment of the new Group Chief Financial Officer.

It is announced that, at the present date, Mr. Pietro Oriani holds 20,483 Company's shares. The only amounts due to Mr. Pietro Oriani for various reasons at the end of his employment relationship with the Company will be as follows: (i) Euro 56,094.68 gross, by way of remuneration for the month of May, June, July and August 2024, to be paid by May 31st, June 28th, July 31st and August 30th 2024; (ii) Euro 765.00 gross (estimate as of today), by way of travel allowance, to be paid by June 28th, July 31st and August 30th 2024; (iii) Euro 10,769.23 gross, by way of 13th month accruals (7 accruals), to be paid by August 30th 2024; (iv) Euro 38,250.60 gross (estimate as of today), by way of holidays due, to be paid by August 30th 2024; (v) Euro 90,832.13 gross (estimate as of today), by way of MBO 2023, to be paid by June 28th 2024. Subject to the above, no further indemnities and/or benefits are payable to Mr. Pietro Oriani on termination of employment. Mr. Pietro Oriani will not maintain any participation in the Company's incentive plans.

APPROVAL OF THE NEW PROCEDURE FOR TRANSACTIONS WITH RELATED PARTIES OF INTERCOS S.P.A.

The Board of Directors today approved, following the favorable opinion of the Related Parties Committee, the new procedure for the transactions with related parties of Intercos S.p.A., updated to consider that the Company no longer qualifies as a "recently listed company" pursuant to Consob Regulation no. 17221 of 12 March 2010, as subsequently amended. The updated procedure is available to the public at the registered office of the Company and on the website www.intercos-investor.com (Section "Governance / Documents and Procedures").

OTHER INFORMATION

INTERCOS GROUP

Intercos is one of the leading business-to-business operators internationally in the creation, production and marketing of cosmetics (Make-up) and Skincare products, in addition to hair and body care products (Hair&Body), for leading domestic and international brands, emerging brands and retailers serving the cosmetics market and the wider beauty sector. Founded in 1972 by Dario Ferrari, Intercos lists the top cosmetics brands among its customers, with a staff of 5,500, 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 amortization 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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