

**Current report no. 04/2020 of 27.02.2020**

**Subject:** Adjustment of the forecasted financial results for 2020

**Legal basis:** Article 17 (1) of the MAR Regulation – confidential information

**Content of the report:**

The Management Board of the Global Cosmed S.A. (the Company) hereby presents the forecast of the financial results for the year 2020.

The forecast of the results from 1 January 2020 to 31 December 2020 covers:

The consolidated sales revenues of Global Cosmed Capital Group: PLN 329 million.  
Consolidated EBITDA of Global Cosmed Capital Group: PLN 22 million.

EBITDA is defined as a result from operating activities plus amortisation and updating write downs by non financial assets value.

The forecast of the consolidated result of Global Cosmed S.A. presented above. was prepared on the basis of detailed plans of all companies included in the Capital Group .

The forecast assumes the expansion of private labels and stabilization in private brand contracts, while maintaining cost discipline and further improvement of efficiency in production and logistics. Improving the financial results over the last two years allows for an increase in expenditure on own brands in 2020, which is the strategic direction of the Group's development.

The revenue forecast takes into account the organic development of sales of strategic brands on all markets, new products and stabilization in private brand contracts in 2020. As a result, the Management Board forecasts an increase in revenues by PLN 19 million, i.e. 6% YoY.

In the opinion of the Management Board, sales of products under brands belonging to the Global Cosmed group will record a double-digit sales dynamics, both locally and on international markets. Brand awareness building in Asian markets will continue and there are plans to start a business in Southern Europe. The new managerial staff, i.e. Managing Director, Marketing Director, will undoubtedly support the private label segment.

Revenues of private brands are planned at a similar level in 2020 vs 2019. The expected increases in sales with main customers on the German market will be compensated by limiting cooperation with smaller customers (i.a. from Great Britain).

Summing up, the planned improvement of the Group's total sales, stabilization on the raw material markets and better production efficiency will translate into an increase in EBITDA by PLN 3 million, 16% YoY. in 2020. The investments made in the machinery park last year should translate into savings from the second quarter of this year. The Group will continue to invest in the automation of production processes, especially in Germany.

The forecast does not take into account mergers and acquisitions, although the Company systematically monitors this market in Poland and abroad. Development through acquisition is an element of Global Cosmed's development strategy and the Management Board does not rule out such transactions.

By preparing the forecast, the Management Board of the Company took into account mainly: previous results, market analysis, continuation of the strategy, market share and position of the Company, financial situation and its potential changes.

The assumptions for the forecast of the result for 2020, concerning factors that are completely outside the influence of members of the management or supervisory bodies of the Company are based on the *ceteris paribus* principle.

The Management Board of the Company, taking into account the assumptions for this forecast, will carry out a semi-annual assessment of its feasibility. The assessment of the feasibility of the forecasted results will be based on the analysis of sales revenues and incurred costs as well as on the analysis and updates of the assumed assumptions. In the periodic reports, the Management Board of the Company will present its position regarding to the possibility of fulfilment of the forecast in the light of the results presented in the periodic reports after the consecutive quarters of 2020. The Management Board will inform about any adjustments in the form of current reports, while the current report containing the forecast adjustment will constitute a new forecast the company's results.