

# BOGART

PRESS RELEASE  
Paris, 27 April 2023

A 2022 financial year that reflects the implementation of actions to optimise the store network

Slight increase in EBITDA  
Strong financial structure

€m	2021	2022	Change %
<b>Turnover</b>	<b>245.9</b>	<b>291.2</b>	<b>+18.4%</b>
<i>o/w Bogart Fragrances &amp; Cosmetics</i>	43.1	54.9	+27.4%
<i>o/w Bogart Beauty Retail</i>	202.8	236.3	+16.5%
Other revenues <sup>1</sup>	11.9	11.0	-7.6%
Total revenues	257.8	302.2	+17.2%
<b>EBITDA<sup>2</sup></b>	<b>38.4</b>	<b>38.8</b>	<b>+1.3%</b>
<b>Operating income (loss)</b>	<b>4.4</b>	<b>(5.4)</b>	<b>n/a</b>
Financial income (expense)	(2.8)	(4.0)	n/a
Income tax	(0.9)	0.1	n/a
Net profit (loss) Group share	0.7	(10.4)	n/a

The consolidated financial statements for full-year 2022 were approved by the Board of Directors at its 27 April 2023 meeting. The Statutory Auditors conducted a legal audit of the financial statements. The annual financial report will be issued no later than 28 April 2023.

At the end of the 2022 financial year, BOGART achieved around +18% in turnover but, as expected, was impacted by the decline in profitability of its *Bogart Beauty Retail* division – particularly in France – where a strategic review of the Group's store network was conducted with measures adopted to optimise performances in France and Belgium. The estimated costs of these necessary measures – which the Group has been quickly taken – were fully provisioned in the 2022 financial year statements and should enable improved operational efficiency in the store network as well as a strong recovery in profitability expected from 2023.

<sup>1</sup> Revenues from licences and advertising rebillings for brands which are distributed to BOGART's own-brand networks.

<sup>2</sup> EBITDA = operating income + CVAE (French business value added tax) + depreciation, amortisation and provisions + destruction of stock + other non-recurring operating income and expenses

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## **Background on Bogart Beauty Retail France's employment protection plan ("Plan de Sauvegarde de l'Emploi")**

Following the significant decline in profitability at its April France stores, BOGART notes that it introduced a plan to reorganise the store network providing for the potential closure of 17 stores in France (of a total of 67 points of sale) which could lead to 50 positions being lost as part of an employment protection plan ("Plan de Sauvegarde de l'Emploi – PSE")<sup>3</sup>. In April 2023, the plan was approved by France's Regional Directorates for the Economy, Employment, Labour and Solidarity (DREETS). This global reorganisation (closure of stores and employment protection plan) is fully provisioned in the financial year statements for up to €3.1 million (of which €1.3 million in goodwill impairment, with no cash impact). The store closure plan will be finalised prior to H1 2023.

## **Business performance**

At the end of the 2022 financial year, BOGART reported turnover of €291.2 million versus €245.9 million at 31 December 2021 (up 18.4% at current exchange rates). As a reminder, the Group integrated 38 Nocibé stores on 1 October 2021 and 70 fragrance boutiques from the Fann chain in Slovakia since January 2022. At constant consolidation scope and exchange rates, growth stood at 5.6%.

Staff costs increased by 25.3% to €70.3 million versus €56.1 million at 31 December 2021, owing to the extension of the scope (Nocibé stores integrated on a full-year basis with the Fann fragrance store network integrated since January 2022) and the automatic indexation of salaries, notably in Belgium.

Recurring expenses were up 20.6% to €53.2 million at 31 December 2022, compared to €44.1 million at 31 December 2021, notably driven by the change in scope and the impact of higher energy prices.

However, the Group posted a slight increase in EBITDA, up 1.3% to €38.8 million, thanks to the significant increase in profitability for the *Bogart Fragrances & Cosmetics* division (up €5.4 million compared to a year earlier) and the improved contribution of the holding (+€1.2 million) which helped to offset the considerable decrease in EBITDA for its *Bogart Beauty Retail division* (-€6.4 million compared to FY 2021), mainly owing to the decline in profitability for its network in France.

Against this backdrop, recurring operating income totalled €3.9 million at 31 December 2022, compared with €5.3 million at 31 December 2021, above the announced guidance<sup>4</sup>.

Operating loss came to -€5.4 million at 31 December 2022, compared with operating income of €4.4 million at 31 December 2021<sup>5</sup>. In particular, this change is attributable to the booking during this financial year of the full provision for the store closure and employment protection plans in the France network, coupled with measures to strategically reorganise Belgium's network aimed at maximising the profitability of certain stores, for a combined total of €5.3 million (of which €1.3 million in goodwill impairment, with no cash impact). It

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<sup>3</sup> See press release of 19 January 2023

<sup>4</sup> See press release of 2 February 2023

<sup>5</sup> An EBITDA/operating income reconciliation table is included in the Appendix of this press release.

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should be noted that these measures will be financed by the Group's equity. Lastly, operating loss also recognises a non-recurring expense of €1.8 million related to costs to acquire the Fann chain fragrance stores (totalling €1 million), a capital loss on net proceeds from the sale of a building (totalling €0.8 million), and the destruction of stocks for €1.8 million.

After net financial expense of €4 million and the positive tax effect of €0.1 million linked to tax loss carry-forwards, net loss Group share stood at €10.4 million at 31 December 2022, compared with a profit of €0.7 million at 31 December 2021.

## **Persistently strong financial structure**

At 31 December 2022, BOGART's equity amounted to €87.2 million, compared with €97.2 million at 31 December 2021 which factors in the loss reported for the financial year, in addition to dividend payouts for the previous financial year (€3.4 million) and share buybacks (€0.9 million).

Cash flow remained very robust at €29.4 million on 31 December 2022, compared with €32.6 million on 31 December 2021.

Change in working capital requirements was negative at -€9.4 million versus €9.1 million on 31 December 2021, factoring in the substantial decrease in trade payables but increased inventories from the integration of Fann (+€7.3 million).

Net cash flows from operating activities amounted to €20 million at 31 December 2022, compared with €41.7 million at 31 December 2021. Capital expenditure for the period totalled €6.6 million (excluding the non-cash IFRS 16 impact of €23.4 million). As of 31 December 2022, free cash flow<sup>6</sup> amounted to €16.2 million.

BOGART secured €27.5 million in new debt to finance the acquisition of the Fann fragrance store chain and repaid €63.1 million in loans and financial debt (including €30.2 million in bank debt, the remainder being lease liabilities pursuant to IFRS 16).

Gross cash and cash equivalents amounted to €69.3 million at 31 December 2022, compared with €93.2 million at 31 December 2021.

Gross borrowings totalled €209.2 million at 31 December 2022 (including €80.0 million in bank loans and overdrafts), compared with €226.6 million at 31 December 2021.

## **Favourable start to the 2023 financial year**

2023 is off to a good start for both Group divisions and BOGART expects an increase in turnover for Q1 2023.

Supported by measures to reorganise and optimise the network in France and Belgium, with provisions fully booked in the 2022 financial year, BOGART intends to restore improved operational efficiency in the 2023 financial year, with a strong recovery in profitability that is aligned with its usual standards.

**Next publication: Q1 2023 turnover on Tuesday 2, May 2023**

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<sup>6</sup> Free cash flow = Cash flows from operating activities – cash flows from investing activities

# BOGART

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## EBITDA/OPERATING INCOME RECONCILIATION

€m - IFRS	2021	2022
<b>EBITDA</b>	<b>38.4</b>	<b>38.8</b>
CVAE	-0.1	-0.1
Destruction of stocks	-1.0	-
Depreciation and impairment charges net of write-backs	-31.5	-36.7
Other non-operating income (expense)	-1.4	-7.4
<b>Operating income (loss)</b>	<b>4.4</b>	<b>-5.4</b>