

Charenton-le-Pont, 28 September 2023

H1 2023 earnings

Strong resilience of earnings in the face of high inflation and pressure on raw materials
Profit margins stabilised, mainly due to structural cost savings initiated in 2022, amid an uncertain consumer environment

- EBITDA¹ of €8.1 million in H1 2023, up €0.5 million from €7.6 million in H1 2022
- Net profit (Group share) of €5.1 million in H1 2023, up €2.6 million

Marie Brizard Wine & Spirits (the “Company”) (Euronext: MBWS) today announces its consolidated earnings for H1 2023 as approved by the Group’s Board of Directors today. The audit procedures have been carried out.

Fahd Khadraoui, Chief Executive Officer of MBWS, said: *“In the first half of 2023, the roll-out of our proactive pricing policy helped us partially curb the impact of high inflation on our margins, even though these were diluted on a percentage basis. Furthermore, all the restructuring and cost-saving projects initiated in 2022 are beginning to bear fruit, particularly impacting the earnings of the France cluster and holding company.*

*Unfortunately, the challenging macroeconomic environment is still with us but we are holding our course and maintaining the development strategies presented at the 29 June 2023 Annual General Meeting in order to **Invest for Sustainable Growth**. The strength of our strategic and local brands, our distribution partnerships and our industrial service offerings put us in a solid position to achieve this objective, which can be fulfilled primarily through the ongoing efforts of our teams, whom I wish to congratulate on their unwavering commitment.”*

¹ EBITDA = EBIT + depreciation & amortisation + provisions excl. current assets.

NB: All revenue growth figures reported herein are at constant exchange rates and consolidation scope, unless otherwise stated. Financial data individually rounded up or down.

Simplified income statement - H1 2023

€m except EPS	H1 2022	H1 2023	Change 2023 vs 2022
Net revenues (excluding excise duties)	86.4	98.8	+14.3%
Gross margin	34.4	36.2	+€1.8m
<i>Gross margin ratio</i>	39.9%	36.6%	-3.3 pp
EBITDA	7.6	8.1	+€0.5m
Underlying operating profit	5.5	5.4	-€0.1m
Net profit (Group share)	2.5	5.1	+€2.6m
Earnings per share	0.02	0.05	

First half 2023 revenues

First half 2023 revenues excluding excise duties came to €98.8 million, up 14.3% versus H1 2022 (excluding currency impact). This improvement is mainly due to increased sales in part of the international business coupled with strong resilience among strategic brands in France, despite lower volumes trend.

The France cluster posted first half 2023 revenues of €42.1 million, up 5.0% versus H1 2022 despite the continuing slowdown in the spirits market. Revenue growth reflects the price increases applied mainly since Q2 2023 and restocking by some distributors. William Peel, Berger and San José posted growth in line with their respective market segments. Marie Brizard and Sobieski were impacted by a levelling effect in the on-trade business (customer restocking before summer 2022) and also in the off-trade business, where promotions were postponed and some product lines were suspended due to glass shortages.

Sales improved in the on-trade sector due to price increases, but volumes were down.

This positive first half sales trend in the France cluster is likely to weaken in the face of adverse market developments and ongoing instability in raw material supply chains.

International revenues amounted to €56.7 million, up 22.2% versus H1 2022 at constant exchange rates, reflecting contrasting trends across regions:

- penetration of new markets by Lithuania, Bulgaria and their export regions, generating strong sales growth;
- strong business in Spain in both strategic brands and subcontracting, driving strong revenue growth;
- challenges in some long-standing markets (Canada, Australia and the UK), particularly for the Gautier and Marie Brizard brands due to the decline in the relevant market segments (cognac, traditional liqueurs) and inventory reductions by local distributors;
- slow inventory depletions among US distributors, as well as glass shortages for some references, leading to a decline in revenues over the first half of the year.

First half 2023 earnings

Against a backdrop of widespread high inflation, the gross margin ratio was 36.6% in H1 2023 compared to 39.9% in H1 2022. The 3.3 percentage point decrease reflects the impact of the continuous surge in raw material and energy prices since Q2 2022, which affected the entire first half of 2023 despite the price increases applied.

First half 2023 EBITDA amounted to €8.1 million, up €0.5 million from H1 2022 (excluding currency impact).

The France cluster posted EBITDA of €6.0 million in H1 2023, up from €5.0 million in H1 2022. This improvement reflects the impact of the structural cost-saving programme initiated in 2022, in particular following the restructuring of the off-trade Sales Department in France, as well as the cluster's strong resilience in the face of high inflation.

Meanwhile, the International cluster posted EBITDA of €4.1 million, down from €5.6 million in H1 2022. This decline is mainly attributable to MBWS International (export business excluding subsidiaries) and Imperial Brands, which were hard hit by an extremely competitive vodka market and a hotly contested cognac segment since the beginning of the year. This decline was only partly offset by strong performances in Spain and Bulgaria.

Group EBITDA also benefited from the continued reduction in holding company internal costs, which improved by €1.1 million.

H1 2023 EBITDA by cluster

€m	H1 2022	LFL change	Currency impact	H1 2023	LFL change (excl. currency impact)	Reported growth (incl. currency impact)
France	5.0	0.9	-	6.0	+18.6%	+18.6%
International	5.6	(1.5)	0.0	4.1	-27.1%	-27.0%
Holding company	(3.0)	1.1	-	(1.9)	+35.8%	+35.8%
TOTAL MBWS GROUP	7.6	0.5	0.0	8.1	+6.5%	+6.7%

Net profit (Group share) amounted to €5.1 million in H1 2023, up €2.6 million compared to H1 2022, when results were impacted by a provision for non-recurring expenses related to the restructuring of the off-trade Sales Department in France.

Balance sheet at 30 June 2023

Shareholders' equity (Group share) amounted to €199.6 million at 30 June 2023, up from €194.6 million at 31 December 2022, while gross debt remained stable at €6.4 million in the first half of 2023, as did positive Group cash balances of €44.9 million at 30 June 2023.

The €4.6 million increase in inventories and work-in-progress to €56.5 million at 30 June 2023 reflects both the growing impact of high inflation and the Group's strategy of building maximum back-up stocks in order to better cope with supply disruptions, operational considerations permitting.

Outlook

After a year 2022 marked by overall resilience among Group brands and business lines in the face of inflation and availability restrictions, the effects of supply disruptions combined with declining volumes from Q4 2022 onwards also impacted the first half of 2023, particularly in France.

The price increases applied in 2022 and 2023 to absorb the ongoing surge in input costs (mainly energy, liquid and dry raw materials, particularly glass), do not allow us to maintain our sales margins percentage at this stage.

The Group therefore continues to closely monitor elasticity in consumer demand in the face of price increases and is determined to maintain its ability to adapt, despite these challenges.

For some countries that are more sensitive to these factors, such as France, where our strategic brand markets are concentrated, mature and declining, visibility over the rest of the year is limited.

Despite this instability that has persisted for nearly three years, the Group will continue to do its best to maintain annual earnings growth through the combined effects of restructuring, structural cost savings and gradual improvement in profit margins through rigorous commercial and operational management, while remaining cautious regarding the short to medium-term business outlook.

Financial calendar

- H1 2023 financial report available: 29 September 2023
- Publication of revenues for the first nine months of 2023: 26 October 2023

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About Marie Brizard Wine & Spirits

Marie Brizard Wine & Spirits is a Group of wines and spirits based in Europe and the United States. Marie Brizard Wine & Spirits stands out for its expertise, a combination of brands with a long tradition and a resolutely innovative spirit. Since the birth of the Maison Marie Brizard in 1755, the Marie Brizard Wine & Spirits Group has developed its brands in a spirit of modernity while respecting its origins. Marie Brizard Wine & Spirits' commitment is to offer its customers brands of confidence, daring and full of flavours and experiences. The Group now has a rich portfolio of leading brands in their market segments, including William Peel, Sobieski, Marie Brizard, Cognac Gautier and San José. Marie Brizard Wine & Spirits is listed on Compartment B of Euronext Paris (FR0000060873 - MBWS) and is part of the EnterNext PEA-PME 150 index.



APPENDIX

H1 2023 Consolidated Financial Statements

Income statement

(€000)	H1 2023	H1 2022
Revenues	116,955	105,995
Excise duties	(18,192)	(19,574)
Net revenues excluding excise duties	98,763	86,421
Cost of goods sold	(62,578)	(51,978)
External expenses	(13,617)	(11,872)
Personnel expense	(13,894)	(14,013)
Taxes and levies	(835)	(953)
Depreciation and amortisation charges	(2,936)	(3,072)
Other operating income	1,834	1,887
Other operating expenses	(1,387)	(899)
Underlying operating profit	5,350	5,521
Non-recurring operating income	1,440	2,055
Non-recurring operating expenses	(1,489)	(5,152)
Operating profit	5,300	2,424
Income from cash and cash equivalents	59	29
Gross cost of debt	(124)	(96)
Net cost of debt	(65)	(67)
Other financial income	115	956
Other financial expenses	(123)	(593)
Net financial income/(expense)	(74)	296
Profit before tax	5,226	2,720
Income tax	(120)	(196)
Net profit from continuing operations	5,106	2,524
Net profit/(loss) from discontinued operations	-	-
NET PROFIT	5,106	2,524
Group share	5,102	2,511
of which Net profit from continuing operations	5,102	2,511
of which Net profit/(loss) from discontinued operations	-	-
Non-controlling interests	4	13
of which Net profit from continuing operations	4	13
of which Net profit/(loss) from discontinued operations	-	-
Earnings per share from continuing operations, Group share (€)	€0.05	€0.02
Diluted earnings per share from continuing operations, Group share (€)	€0.05	€0.02
Earnings per share, Group share (€)	€0.05	€0.02
Diluted earnings per share, Group share (€)	€0.05	€0.02
Weighted average number of shares outstanding	111,856,360	111,825,601
Diluted weighted average number of shares outstanding	111,856,360	111,825,601

Balance sheet

Assets		
(€000)	30/06/2023	31/12/2022
Non-current assets		
Goodwill	14,704	14,704
Intangible assets	77,174	77,847
Property, plant and equipment	26,665	26,932
Financial assets	1,007	1,146
Deferred tax assets	4,009	3,781
Total non-current assets	124,558	124,410
Current assets		
Inventory and work-in-progress	56,519	51,934
Trade receivables	39,181	43,523
Tax receivables	1,023	734
Other current assets	10,222	10,468
Current derivatives	281	114
Cash and cash equivalents	44,892	47,495
Total current assets	152,118	154,268
TOTAL ASSETS	275,676	278,678
Equity & Liabilities		
(€000)	30/06/2023	31/12/2022
Shareholders' equity		
Share capital	156,786	156,786
Additional paid-in capital	72,815	72,815
Consolidated and other reserves	(26,477)	(25,529)
Translation reserves	(8,586)	(8,520)
Consolidated net profit/(loss)	5,102	(945)
Shareholders' equity (Group share)	199,640	194,607
Non-controlling interests	79	333
Total shareholders' equity	199,719	194,940
Non-current liabilities		
Employee benefits	1,747	1,769
Non-current provisions	2,582	2,540
Long-term borrowings – due in > 1 year	2,079	2,218
Other non-current liabilities	1,568	1,518
Deferred tax liabilities	179	139
Total non-current liabilities	8,155	8,184
Current liabilities		
Current provisions	4,513	5,417
Long-term borrowings – due in < 1 year	602	641
Short-term borrowings	3,698	3,702
Trade and other payables	38,344	36,694
Tax liabilities	230	1,932
Other current liabilities	20,403	26,899
Current derivatives	13	269
Total current liabilities	67,803	75,554
TOTAL EQUITY AND LIABILITIES	275,676	278,678

Cash flow statement

<i>(€000)</i>	H1 2023	H1 2022
Total consolidated net profit	5,106	2,524
Depreciation and provisions	1,580	4,930
Gains/(losses) on disposals and dilution	18	(51)
Operating cash flow after net cost of debt and tax	6,704	7,403
Income tax charge/(income)	120	196
Net cost of debt	63	67
Operating cash flow before net cost of debt and tax	6,887	7,666
Change in working capital 1 (inventories, trade receivables/payables)	607	(10,473)
Change in working capital 2 (other items)	(5,270)	(7,497)
Tax paid/received	(2,317)	3,716
Cash flow from operating activities	(93)	(6,588)
Purchase of PP&E and intangible assets	(1,858)	(1,412)
Decrease in loans and advances granted	116	2,733
Disposal of PP&E and intangible assets	-	2,872
Impact of change in consolidation scope	(116)	-
Cash flow from investment activities	(1,858)	4,193
Capital increase	-	19
New borrowings	37	159
Borrowings repaid	(360)	(791)
Net interest paid	(11)	(67)
Net change in short-term debt	(55)	525
Cash flow from financing activities	(389)	(155)
Impact of exchange rate fluctuations	(263)	1,778
Change in cash and cash equivalents	(2,603)	(772)
Opening cash and cash equivalents	47,496	54,169
Closing cash and cash equivalents	44,893	53,397
Change in cash and cash equivalents	(2,603)	(772)