MARIE BRIZARD WINE & SPIRITS

Press Release

Paris, 14 April 2022

2021 full-year earnings

Profit recovery in a highly competitive industry and volatile business environment coupled with the end of the pandemic

- 2021 EBITDA* of €12.6m, up 19.2% from €10.6m in 2020, including non-recurring income[1]
- Total net earnings from continuing operations improved significantly, with net profit of €6.6m in 2021 compared to a net loss of €5.6m in 2020
- Net profit, Group share: net profit of €5.6m in 2021 vs a loss of €38.5m in 2020, reflecting improved profitability in our businesses and the successful implementation of the financial restructuring programme over the past three years

** EBITDA = EBIT – provisions for current assets – depreciation and amortisation – pension liabilities*

Marie Brizard Wine & Spirits (Euronext: MBWS) today announces its consolidated earnings for the 2021 financial year as approved by the Group's Board of Directors on 13 April 2022. All audit procedures have been carried out.

Commenting on these results, Andrew Highcock, Chief Executive Officer of Marie Brizard Wine & Spirits, said*:*
"The second half of 2021 confirmed the positive trend observed at the beginning of the year; the ongoing operational implementation of our value creation strategy coupled with the achievement of targeted volume growth affirms the fundamentals of the 2021 EBITDA improvement. Backed by a streamlined financial structure and restored balance sheet position, the Group intends to pursue profitable and proactive business development while maintaining rigorous cost management at local and central level so as to sustain the profitability of its businesses. In an already highly disruptive and volatile environment at the close of 2021, the Group is particularly vigilant about protecting its interests given the current Ukraine conflict; the Group is committed to maintaining its adaptability as regards its organisation, employees and operations during the coming months at this time of uncertainty."

Simplified income statement – FY 2021

€m except EPS	2020	2021	Change 2021/2020
Net revenues (excluding excise duties)	**169.1**	**166.7**	**-2.4**
Gross margin	**71.6**	**68.6**	**-3.0**
Gross margin ratio	*42.4%*	*41.1%*	
EBITDA	**10.6**	**12.6**	**+2.0**
EBITDA margin	*6.3%*	*7.6%*	
Underlying operating profit	1.0	5.7	**+4.7**
Net profit/(loss) Group share	**(38.5)**	**5.6**	**+44.1**
of which Net profit/(loss) from continuing operations, Group share	*(5.6)*	*6.6*	**+12.2**
of which Net profit/(loss) from discontinued operations	*(32.9)*	*(1.0)*	**+31.9**
Earnings per share, Group share (EPS, €)	*(0.86)*	*0.06*	**+0.92**
Earnings per share from continuing operations, Group share (EPS, €)	*(0.12)*	*0.06*	**+0.18**

[1] *EBITDA 2020: impact of +3,7m€ arising from the new sales structure in the USA in early 2020 and the impact of bulk sales for hand sanitisers in Lithuania*
EBITDA 2021: impact of +3m€ arising from the exceptional, one-off credit note issued by a Scotch Whisky supplier

In 2021, the Group generated sales of €166.7m (after application of IFRS 5), down 1% compared to the previous year (excluding currency impact), but up 3.6% excluding non-recurring items[1].

2021 was marked by a recovery in sales driven by the France cluster despite a slowdown in the Off-Trade spirits market, in particular during the second half, in favour of the On-Trade channel.

International business was impacted by multiple and successive changes in health restrictions, particularly in Europe and major Asian markets. Overall business in the USA was encouraging thanks to the new distribution model but fell short of 2020 sales, which were boosted by initial stock building at our new distributor.

The gross margin ratio was 41.1% in 2021, down from 42.4% in 2020 due to:

- the sharp decrease in bulk sales (volume and margin) in the Baltic states (hand sanitizers for the COVID pandemic in 2020), a market that became highly competitive,
- the negative price effect in France due to trade negotiations and promotional expenditure to drive Sobieski and Paddy brand growth,
- partly offset by the recovery of the branded business, which posted higher gross margin contributions, particularly for the international and On-Trade business in the second half of 2021.

The various structural measures are bearing fruit and all entities except Dubar in Brazil posted positive EBITDA in 2021.

Net non-recurring operating expenses for 2021 amounted to € -0.1m, mainly due to the positive outcome of the Group's financial restructuring plan.

The €0,25 m net financial income for 2021 was significantly lower than in 2020 (which included one-off proceeds from Trinidad & Tobago recorded in June 2020), but the cost of debt has fallen significantly, given the change in the Group's financial structure following the February 2021 capital increase.

Net earnings from continuing operations in 2021 amounted to a €6,6m profit compared to a net loss of €5.6m in 2020, reflecting the Group's improving profitability and the merits of its strategy of refocusing on the core "brand business".

2021 net revenues by cluster

(€m)	2020	Like-for-like change	Currency impact	2021	LFL change (excl. currency impact)	Change (incl. currency impact)
FRANCE CLUSTER	75.9	2.7	-	78.6	+3.5%	+3.5%
INTERNATIONAL CLUSTER	93.2	(4.5)	(0.6)	88.1	-4.8%	-5.4%
TOTAL MBWS	169.1	(1.8)	(0.6)	166.7	-1.0%	-1.4%

2021 EBITDA by cluster

(€m)	2020	Like-for-like change	Currency impact	2021	LFL change (excl. currency impact)	Change (incl. currency impact)
FRANCE CLUSTER	**10.7**	**+1.7**	**-**	**12.4**	**+15.9%**	**+15.9%**
INTERNATIONAL CLUSTER	**8.4**	**+0.3**	**(0.1)**	**8.6**	**+2.3%**	**+1.1%**
HOLDING COMPANY	**(8.5)**	**+0.1**	**-**	**(8.4)**	**-1.7%**	**-1.7%**
TOTAL MBWS	**10.6**	**+2.1**	**(0.1)**	**12.6**	**+19.2%**	**+18.2%**

FRANCE CLUSTER

In an industry where competition remained particularly intense, France continued to balance its "value : volume" strategy, posting 2021 revenues of €78.6m, up 3.5% versus 2020.
Following the reopening of hotels, bars and restaurants in the second half and in spite of the COVID Certificate requirement, the out-of-home consumption channel increased by 12% over the last two quarters at the expense of sales among major retailers, which nevertheless grew year-on-year.
The under-12-year blended whisky market recorded a 0.9% decline over the period, significantly impacting William Peel volumes and sales among major retailers against a backdrop of intense promotional activity.
The Group's main brands followed the spirits market trend and confirmed their positive performance in the fourth quarter, driven by leading brands Marie Brizard (Manzanita) and San José. Apart from the slowdown in William Peel volumes, other brands such as Sobieski in the vodka segment gained market share thanks to extensive targeted promotional initiatives.
In 2021, the France cluster also benefited from full-year sales of Paddy Irish whiskey, for which the Group took over distribution in the second half of 2020.
Thanks to tight control of overheads and the recognition of a €3m exceptional non-recurring credit note issued by a whisky supplier under a new contract signed in January 2021, the region's EBITDA increased by 15.9% in 2021 to €12.4m.

INTERNATIONAL CLUSTER

The International cluster posted revenues of €88.1m for 2021, down 4.8% compared to 2020, when revenues were boosted by non-recurring items[2]: excluding these, International cluster revenues were up 3.6% versus 2020. As a reminder, the region's sales are split between the legal entities within the International cluster, as detailed below. The region's business performance, due in particular to the second half recovery of the On-Trade business and improved market coverage, generated EBITDA of €8.6m in 2021, up 2.3% versus 2020.

- MBWS International:

Revenues amounted to €14.6m, up €4.5m due to (i) business development in Europe, Africa and Asia Pacific, (ii) recovery in the UK and (iii) the inclusion of the Canada and Poland markets served by Imperial Brands and MBWS Polska respectively in 2020.
In Western Europe, as the year progressed, business was significantly impacted by the varying restrictions imposed on different economic operators due to the health crisis.
In Benelux, the "value over volume" policy led to a slight erosion of revenues. These factors were partly offset, mainly during the second half, by the reopening of the On-Trade business in the UK, a major market for the Marie Brizard brand.

[2] *Restatement of the impact of the new sales structure in the USA in early 2020 and the impact of bulk sales for hand sanitisers in Lithuania.*

Against this backdrop, the Italian market improved in 2021, including towards the end of the year.
The French overseas territories and departments (*DOM-TOM*) witnessed significant growth in business marked by successive changes in health measures similar to those in mainland France. The Africa export markets also performed well, posting strong sales growth throughout the year.
In Poland, sales of our brands (in particular William Peel and Cognac Gautier) to the former MBWS subsidiary (now called Premium Distillers) increased steadily during 2021.

Asia Pacific business in 2021 was driven by overall sales resilience throughout the year in Australia and Korea, which offset the difficulties in Japan (following the state of emergency and lockdown, the Olympic Games not having had as positive an impact as initially anticipated). However, in Australia and Korea, the end of 2021 was, in contrast to the rest of the year, down significantly (destocking effect in Australia) compared to a dynamic 4th quarter 2020.

- MBWS España:

Revenues amounted to €20.0m, down €1.7m.
Working through the health crisis, Spain was one of the first countries to reopen the On-Trade business, which particularly benefited Marie Brizard brand and cross-border sales. As a result, brand sales rose 2% versus 2020. This recovery was offset by the Pulco subcontracting business, which saw a year-on-year decline in volumes resulting in an 11% decrease in revenues.
However, growth in brand sales had a positive impact on our margin that outweighed this decline. The subsidiary continued to keep overheads under control, particularly through external cost savings.

- MBWS Scandinavia:

Revenues increased by €0.6m to €2.7m, up 25.8% excluding currency impact, thanks to the recovery of the On-Trade market in Denmark as confirmed in the fourth quarter. The Off-Trade market is also subject to growing competition with premium brands available at affordable prices. It is worth noting the positive impact of the takeover of Kidibul brand distribution, which accounted for 25% of revenue growth.

- MBWS Baltics:

Revenues in the Baltic states were impacted by the sharp contraction of the bulk sales market. In the fourth quarter, following the lifting of health restrictions and expectations of an increase in excise duties at the beginning of 2022, domestic market revenues edged up, boosted towards the end of the year by a stronger recovery than that of the brand business in the Eastern Europe export markets.
Revenues fell €7.2m versus 2020 mainly due to the €5.4m loss in bulk sales. Following restatement, pro forma sales decreased by €1.8m versus the previous year due to lower sales prices in the recurring bulk business, despite the gradual easing of COVID restrictions and price increases for our brands.

- MBWS Bulgaria:

Bulgaria also posted strong growth in 2021 for the Group's international spirits brands (Marie Brizard, Sobieski, Gautier, William Peel) coupled with an increase in sales of the main national wine brands, a significant increase in export volumes, particularly to Greece and Turkey, and the subcontracting business to Romania. The subsidiary posted revenues of €14.0m, up €3.9m versus 2020.

- Imperial Brands:

In the United States, 2021 revenues fell 8% versus 2020, impacted by the distribution model changes in the first half of 2020.
Revenues thus came in at €10.7m, down €5.4m excluding restatement and currency impact. After restatement, pro forma sales decreased by €3.0m compared to the previous year, with the positive effect of the initial stock building at our distributor evaluated at €2.4m. Changes in the US dollar exchange rate had an adverse impact of €0.4m on the company's revenues.

The end of the year was marked by a slowdown in Sobieski sales due to aggressive promotional strategies pursued by competitors in the vodka category (leading to a decline in value) and postponement of sales to 2022 due to logistical constraints (particularly affecting sea freight). These adverse effects were partly offset by the strong performance from Cognac Gautier.

- Dubar:

Brazil experienced strong business growth in 2021, despite the challenging health situation and cancellation of major events, such as the Carnival at the beginning of the year. This momentum was driven by growth in local and imported brand sales (Cutty Sark and Sobieski), although a slowdown was noted in the fourth quarter. Revenues increased by 40% compared to the previous year, up €3.0m. The depreciation of the Brazilian real hit the region's revenues by €0.3m. Despite the intensification of the new strategy, overall performance was impacted by the year-end slowdown in sales.

HOLDING COMPANY

The holding company posted an EBITDA loss of €8.4m for 2021 compared to an €8.5m loss in 2020, driven by two contrasting trends:

- ✓ a significant decrease in the holding company's operating expenses, downsizing of core teams in line with the Group's new critical mass and the operational organisational system implemented in early 2021, plus tight control of operating budgets,
- ✓ a significant reduction in re-invoicing of central expenses to subsidiaries following the Group downsizing operation.

Thus, excluding rebillings, Holding company operating expenses decreased by 16% from 2020 to 2021.

Balance sheet at 31 December 2021

Group shareholders' equity amounted to €173.6m at 31 December 2021 compared to €66.6m at 31 December 2020, as restated[3], while the net cash position amounted to €48.2m at 31 December 2021, compared to net financial debt of €43.6m at 31 December 2020.

(€m)	31 December 2020 restated[3]	Profit/(loss) for the period	Capital increase		Other changes	31 December 2021
			Net capitalisation of COFEPP debt	*Subscription by minority shareholders*	*Of which translation reserves*	
SHAREHOLDERS' EQUITY Group share	**66.6**	**5.6**	**82.8**	**17.4**	**1.2**	**173.6**

These changes reflect the January 2021 capital increase that led to the capitalisation of (i) all bank debt (excluding factoring) purchased by COFEPP from the Company's lending banks (principal amount of €45m) and overdraft facilities drawn down (principal amount of €1.1m), (ii) all current account advances paid or yet to be paid by COFEPP to the Company and its subsidiary MBWS France (total principal amount of €32m) and (iii) the first tranche of the Poland Advance granted by COFEPP to the Company (€3m) and the related accrued interest.

[3] IFRIC/IAS 19: retrospective application of the change in method of calculating pension liabilities

Press Release

Outlook

The Group continues to roll out its strategic plan after an initial phase that involved eliminating loss-making operations, cutting costs and streamlining operational structures.
Now organised into two clusters (France and International) under the overall management of the Holding company, the Group is maintaining its consistent objective, both in commercial negotiations and transactions with customers and in brand and market development, of striking the right balance between value and volume, particularly in Europe and the USA.

This strategy, coupled with the policy of tailoring costs to the size of operations on a country-by-country basis, will be continued and will underpin the Group's growing profitability. Bolstered by the proceeds of the February 2021 capital increase, the MBWS Group is now looking to step up organic as well as external growth projects in order to boost operational and financial performance.

2021 full-year earnings confirm the positive trends observed in 2020, in an economic environment largely dependent on developments in the pandemic during H1 2021, with a disruptive impact on the business depending on distribution channels and against a volatile backdrop at the end of the year.

At the beginning of 2022, taking into acount the ongoing resolution of the health crisis and in view of (i) the supply risks relating to the regular unavailability of raw and dry materials, (ii) the sharp increases in costs (which are far higher than the potential for passing them on downstream to the distribution chain and customers), the Group has adopted a conservative position on its annual performance for 2022.

This situation is greatly aggravated by the recent unforeseen news at the end of February about dramatic events in Ukraine (with new exceptional inflationary pressures) and their consequences, which are not yet completely measurable, on all the markets where MBWS operates (particularly in France and Europe); for the time being, the Group is therefore very cautious about its short and medium-term performance in view of these operational challenges, which are forcing the Group to adapt its commercial policies accordingly.

Financial calendar:

- General Meeting: 30 June 2022
- Q1 2020 revenues: 28 April 2022
- H1 2022 revenues: 28 July 2022

Investor and shareholder relations contact
MBWS Group
Emilie Drexler
emilie.drexler@mbws.com
Tel.: +33 1 43 91 62 21

Press contact
Image Sept
Claire Doligez - Laurence Maury
cdoligez@image7.fr – lmaury@image7.fr
Tel.: +33 1 53 70 74 70

APPENDIX FY 2021 Consolidated Financial Statements

Income statement

(€000)	2021	2020	2021/2020 change	
Revenues	**214,395**	**220,774**	**-6,379**	**-3%**
Excise duties	(47,711)	(51,691)	+3,980	+8%
Net revenues excluding excise duties	**166,684**	**169,083**	**-2,399**	**-1%**
Cost of goods sold	(98,124)	(97,474)	-650	-1%
External expenses	(26,713)	(24,795)	-1,918	-8%
Personnel expense	(31,177)	(32,028)	+850	+3%
Taxes and levies	(1,688)	(1,989)	+301	+15%
Depreciation and amortisation charges	(6,616)	(9,699)	+3,083	+32%
Other operating income	7,155	4,127	+3,028	+73%
Other operating expenses	(3,829)	(6,178)	+2,349	+38%
Underlying operating profit	**5,692**	**1,046**	**+4,645**	**+444%**
Non-recurring operating income	5,226	8,587	-3,361	-39%
Non-recurring operating expenses	(5,334)	(15,303)	+9,969	+65%
Operating profit/(loss)	**5,584**	**(5,671)**	**+11,254**	**+198%**
Income from cash and cash equivalents	120	89	+31	+35%
Gross cost of debt	(454)	(2,934)	+2,480	+85%
Net cost of debt	**(334)**	**(2,845)**	**+2,511**	**+88%**
Other financial income	730	6,364	-5,634	-89%
Other financial expenses	(146)	(1,870)	+1,724	+92%
Net financial income	**250**	**1,649**	**-1,399**	**-85%**
Profit/(loss) before tax	**5,834**	**(4,023)**	**+9,856**	**+245%**
Income tax	751	(1,511)	+2,262	+150%
Net profit/(loss) from continuing operations	**6,585**	**(5,533)**	**+12,117**	**+219%**
Net profit/(loss) from discontinued operations	**(1,017)**	**(32,912)**	**+31,895**	
NET PROFIT/(LOSS)	**5,568**	**(38,445)**	**+44,012**	**+114%**
Group share	5,564	(38,465)	+44,028	+114%
of which Net profit/(loss) from continuing operations	6,581	(5,553)	+12,133	+2
of which Net profit/(loss) from discontinued operations	(1,017)	(32,912)	+31,895	+1
Non-controlling interests	4	20	-16	-1
of which Net profit/(loss) from continuing operations	4	20	-16	-1
of which Net profit/(loss) from discontinued operations				

Earnings per share from continuing operations, Group share (€)	€0.06	(€0.12)		
Diluted earnings per share from continuing operations, Group share (€)	€0.06	(€0.12)		
Earnings per share, Group share (€)	0.05	(€0.86)		
Diluted earnings per share, Group share (€)	0.05	(€0.86)		
Weighted average number of shares outstanding	105,889,482	44,571,246		
Diluted weighted average number of shares outstanding	105,889,482	44,571,246		

Balance sheet

Assets

(€000)	31/12/2021	31/12/2020 reported	2021/2020 change	
Non-current assets				
Goodwill	14,704	14,704		0%
Intangible assets	79,361	83,167	-3,806	-5%
Property, plant and equipment	27,181	28,111	-930	-3%
Financial assets	4,001	5,639	-1,638	-29%
Deferred tax assets	452	1,225	-773	-63%
Total non-current assets	**125,699**	**132,846**	**-7,147**	**-5%**
Current assets				
Inventory and work-in-progress	35,094	37,811	-2,717	-7%
Trade receivables	35,891	20,813	+15,078	+72%
Tax receivables	4,125	554	+3,571	+645%
Other current assets	9,714	22,123	-12,409	-56%
Current derivatives	281	70	+211	+301%
Cash and cash equivalents	54,169	42,075	+12,094	+29%
Assets held for sale	3,058	12,900	-9,842	-76%
Total current assets	**142,332**	**136,346**	**+5,986**	**+4%**
TOTAL ASSETS	**268,031**	**269,192**	**-1,161**	**0%**

Equity & Liabilities

(€000)	31/12/2021	31/12/2020 reported	2021/2020 change	
Shareholders' equity				
Share capital	156,729	62,578	+94,151	+150%
Additional paid-in capital	72,751	66,711	+6,040	+9%
Consolidated and other reserves	(51,638)	(14,083)	-37,555	+267%
Translation reserves	(9,806)	(10,720)	+914	-9%
Consolidated net profit/(loss)	5,564	(38,465)	+44,029	-114%
Shareholders' equity (Group share)	**173,600**	**66,020**	**+107,580**	**+163%**
Non-controlling interests	332	328	+4	+1%
Total shareholders' equity	**173,932**	**66,348**	**+107,584**	**+162%**
Non-current liabilities				
Employee benefits	2,214	3,150	-936	-30%
Non-current provisions	4,116	3,926	+190	+5%
Long-term borrowings – due in > 1 year	2,546	65,352	-62,806	-96%
Other non-current liabilities	1,735	1,751	-16	-1%
Deferred tax liabilities	15,965	17,879	-1,914	-11%
Total non-current liabilities	**26,576**	**92,058**	**-65,482**	**-71%**
Current liabilities				
Current provisions	2,546	7,049	-4,503	-64%
Long-term borrowings – due in < 1 year	888	15,023	-14,135	-94%
Short-term borrowings	2,542	5,287	-2,745	-52%
Trade and other payables	31,113	34,777	-3,664	-11%
Tax liabilities	135	5,667	-5,532	-98%
Other current liabilities	29,942	32,584	-2,642	-8%
Current derivatives	198	98	+100	+102%
Liabilities held for sale	159	10,301	-10,142	
Total current liabilities	**67,523**	**110,786**	**-43,263**	**-39%**
TOTAL EQUITY AND LIABILITIES	**268,031**	**269,192**	**-1,161**	**0%**

Cash flow statement.

(€000)	2021	2020
Total consolidated net profit/(loss)	**5,568**	**(38,445)**
Depreciation and provisions	1,927	5,143
Fair value revaluation gains/losses		2,953
Gains/(losses) on disposals and dilution	579	20,840
Operating cash flow after net cost of debt and tax	**8,074**	**(9,508)**
Income tax charge/(income)	(751)	8,776
Net cost of debt	315	4,100
Operating cash flow before net cost of debt and tax	**7,638**	**3,368**
Change in working capital 1 (inventories, trade receivables/payables)	(13,111)	2,290
Change in working capital 2 (other items)	5,693	(898)
Tax paid	(9,341)	(335)
Cash flow from operating activities	**(9,121)**	**4,425**
Purchase of minority interests		
Purchase of PP&E and intangible assets	(3,276)	(5,025)
Increase in loans and advances granted	(45)	(3,421)
Decrease in loans and advances granted	1,841	6,823
Disposal of PP&E and intangible assets	283	1,039
Impact of change in consolidation scope	1,859	1,733
Cash flow from investment activities	**662**	**1,148**
Capital increase	16,710	
New borrowings	7,209	29,371
Borrowings repaid	(1,485)	(12,356)
Net interest paid	(315)	(702)
Net change in short-term debt	(2,752)	(4,791)
Cash flow from financing activities	**19,367**	**11,521**
Impact of exchange rate fluctuations	1,186	(1,212)
Change in cash and cash equivalents	**12,094**	**15,882**
Opening cash and cash equivalents	42,075	26,193
Closing cash and cash equivalents	54,169	42,075
Change in cash and cash equivalents	**12,094**	**15,882**