

# B&S

## Q1 2022 trading update

B&S Group S.A.

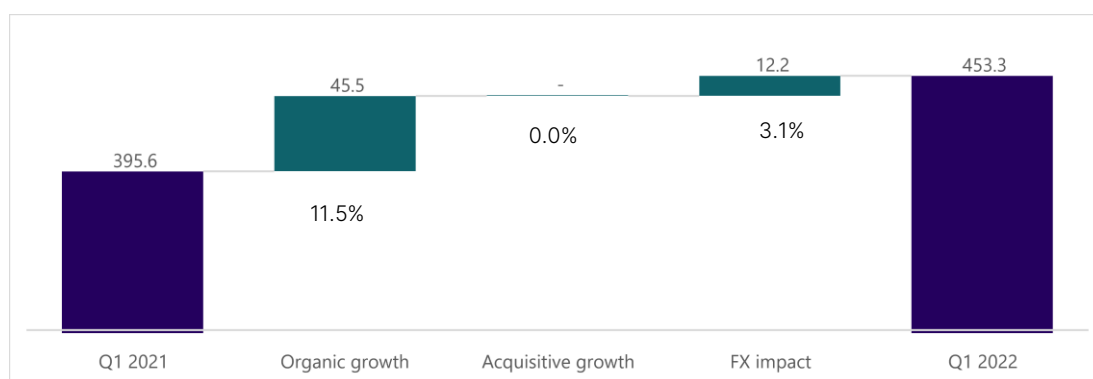
## Liquor segment drives turnover growth of 14.6% in first quarter 2022.

Mensdorf, Luxembourg – May 16, 2022 (07:00 CET)

B&S Group S.A. (“B&S”) tech company in the consumer goods industry, today publishes its trading update for the first quarter of 2022 (“Q1 2022”).

### Highlights Q1 2022 (compared to Q1 2021)

- Overall turnover increased by 14.6% to € 453.3 M (11.5% on a constant currency basis), all of which was organic;
- Turnover growth largely driven by Liquor segment, further aided by sales growth in Personal Care, Food and Retail segments;
- Overall increased marketing and transport costs suppressed gross margin growth;
- Staff costs in the first quarter increased due to labour market scarcity and increased hourly rates for warehousing staff in the US.





**Tako de Haan, CEO:** “In the first quarter of 2022 our strategy execution was on track as we further expanded online with new B2C business models in new geographies. Our online liquor proposition TopDrinks is now available in seven European countries and our FragranceNet network completed the roll-out in the Middle East and Australia. Also we enhanced existing brand partnerships and added new brands to our portfolio that we serve with brand development, distribution and marketing solutions. This includes brands such as Roos & Roos and Chopard.

Industry wide supply chain challenges and increased product scarcity had their impact on turnover and margin in the first quarter of 2022. This included increased transport costs as well as higher labour costs for warehousing personnel, mainly in our US operations. In addition, marketing costs for our B2C business in the US were higher than expected due to rising digital advertising rates. The market recovery in our duty-free, retail and travel business however is noticeable and encouraging and we foresee further recovery for these markets in the remainder of 2022.

After the first visible steps in H2 2021 towards executing our 2021 – 2023 strategy, our digital transformation and brand proposition starts to take solid form post pandemic. While the market disruptions of the past two years aided the alteration of our strategic direction, our people embraced the opportunity to develop new business models and evolve our digital capabilities and accompanying services. Our B&S Nfinity platform is now in place and connects the backbone of all our segments. This supports business synergies and is particularly relevant for the growth of our B2B and B2C platform businesses across all our segments.”

## Segmental review

The 2022 turnover levels exceeded 2021 levels by 14.6%, all of which originated from organic growth. The Liquors segment was the main contributor to increased turnover levels, followed by Retail, Personal care and Food. FX had a positive impact on turnover growth; at constant currency turnover increased by 11.5%.

### Turnover split per segment

€ million (unless otherwise indicated)	Q1 2022 reported	Q1 2022 organic	Q1 2022 acquisitive	Q1 2022 FX	Q1 2021 reported	Δ (%) reported	Δ (%) constant currency
B&S Liquors	140.5	30.8	-	4.5	105.2	33.6%	29.3%
B&S Beauty	149.9	(5.9)	-	5.7	150.1	(0.1%)	(3.9%)
B&S Personal Care	67.7	6.0	-	-	61.7	9.7%	9.7%
B&S Food	70.2	5.4	-	1.9	62.9	11.6%	8.6%
B&S Health	10.5	(1.7)	-	-	12.2	(13.9%)	(13.9%)
B&S Retail	14.5	10.9	-	0.1	3.5	314.3%	311.4%
Holding & eliminations	-	-	-	-	-	-	-
<b>TOTAL TURNOVER</b>	<b>453.3</b>	<b>45.5</b>	<b>-</b>	<b>12.2</b>	<b>395.6</b>	<b>14.6%</b>	<b>11.5%</b>



### B&S Liquors

The 29.3% growth in turnover for this segment when compared to Q1 2021, was driven by the absence of Covid restrictions as well as by increased demand for specialty items in the international market. Additionally, the container shortages flattened somewhat in Q1 and led to slightly increased order volumes for the international Liquor business. Sourcing prices increased less than anticipated up to the first quarter of 2022, which benefitted gross margins when compared to the first quarter of last year.

### B&S Beauty

The B2B business in the Beauty segment continued to see the impact of industry-wide product scarcity related to the pandemic and faced decreased sales following the “Lyrall” and “Lilial” ingredients ban throughout Europe. The B2C business (FragranceNet.com) on the other hand increased turnover, albeit at lower gross margins when compared to Q1 2021 (when the increased demand during covid continued). In Q1 2022 the margin levels decreased to normalised pre-covid levels, with marketing and shipping expenses increasing compared to the same period last year.

### B&S Personal Care

Turnover for this segment increased by 9.7% as a result of sales growth to key customers that were open again in Q1 2022. This growth was aided by our broad variety of in-stock items to meet increased demand after the (on and off) shop closures of value retail in Europe throughout 2021.

### B&S Food

Sales grew 8.6% when compared to Q1 last year, driven by the recovery of the Duty-free and travel market which increased business for our Brand Distribution services. Also, the Domestic business outperformed following increased demand in Europe and Africa. On the other hand, the Remote business in Afghanistan that was still present in Q1 2021, is fully lacking from the last quarter of 2021 onwards. This altered business mix continues to impact overall gross margin in the Food segment as Remote business comes at higher margins.

### B&S Health

The segment continued to be affected by the aftermath of the pandemic. Turnover declined 13.9% compared to Q1 last year - when the positive impact of Covid for this segment stabilised. In Q1 2022, the market circumstances equaled those of 2021; a large part of the travel vaccine business was still lacking and the reduced demand for hospital supplies continued due to delayed care treatments.

### B&S Retail

Compared to Q1 2021 when travel retail business was largely shut down, the Retail segment increased turnover with 311.4% in Q1 2022. Although the overall outlook for the travel market is positive, the Omicron variant of Covid held back further recovery towards pre-covid levels in Q1 2022.



## Cash flow & financial position

Our balance sheet and liquidity remained healthy in Q1 2022. Working capital and working capital in days increased when compared to the first quarter last year. This is in line with increased (post Covid) market volumes in sizeable markets as well as increasing inventories to meet customer demand towards the traditionally busier second half of the year. All in all, our return on invested working capital (ROIWC) target of >25% is expected to be feasible at year-end 2022.

## Outlook

Overall, demand across our core markets is developing as anticipated, and we expect demand for digital supply chain solutions to develop further. B&S plans to leverage its B&S Nfinity backbone and to continue its focus on improved operational efficiency by accelerating innovations and internal process improvements. We strive to expand sales with marketing and brand development solutions and plan to launch new direct-to-consumer business models in various geographies.

We expect the industrywide constraints in the supply chains and product scarcity to continue throughout the year. Although these challenges continue to be managed diligently, the scarcity in the market and the inflation are driving the price levels upwards where we already start to see demand at these prices decrease. This is putting pressure on our turnover levels in especially the Beauty segment.

Despite these challenges, the outlook as provided at FY 2021 on the turnover growth remains unchanged. We are committed to a 7.5% organic growth for 2022. Inflation on product prices and absorption thereof combined with inflation on staff cost and operating expenses in general is pressuring our EBITDA margin target, especially in the Beauty segment. Also, our partially fixed cost base combined with a traditionally slower first quarter, results in lower EBITDA margins compared to those in the seasonally stronger second half of the year. We will have more visibility on market developments and (available) volumes for the second half of 2022 at our HY publication and will share our expectations for the EBITDA development in 2022 at that moment.

## Conference call

Our CEO Tako de Haan and CFO Peter Kruithof will host an analyst call at 10:30 CET this morning to discuss the Q1 2022 trading update.

The call will be recorded and archived for playback purposes and will be available on our website shortly after the call.



## Financial calendar

May 17, 2022	Annual General Meeting (13:30 CET)
May 19, 2022	Ex-dividend date
May 20, 2022	Record date
July 4, 2022	Payment date
August 22, 2022	Half Year 2022 results (07:00 CET)
November 7, 2022	9M 2022 trading update (07:00 CET)

### Annual General Meeting 2022

B&S Group S.A. holds its Annual General Meeting on May 17, 2022 without physical presence of shareholders, as permitted by Luxembourg law. More information can be found in the convening notice that is published on the corporate website.



## Appendix 1: Non-IFRS Financial Measures Glossary

Gross profit margin	Gross profit margin is defined as realised turnover minus purchase value of items sold
EBITDA	EBITDA is defined as earnings before interest, taxes, depreciation and amortisation
EBITDA Margin	EBITDA Margin is defined as EBITDA as a percentage of turnover
Working capital	Working capital is defined as Inventory plus Trade receivables minus Trade payables
Net Debt	Net debt is defined as interest bearing liabilities minus cash and cash equivalents
ROIWC	Return on invested working capital defined as the LTM EBITDA divided by Working Capital



## Contact Investor Relations

investor.relations@bs-group-sa.com

### About B&S

B&S exists to make premium consumer goods available to everyone, anywhere. We believe that getting access to consumer products that bring joy and comfort into everyday lives, should be easy around the globe. With our ever-growing international network and physical local presence, we bring suppliers, brand owners, logistics partners, wholesalers, retailers and consumers all over the world together that are in many ways difficult to connect.

We work with the world's premium consumer brands in beauty, liquors, personal care, food, health and consumer electronics to serve millions of consumers daily - either directly or through our wholesaler and reseller partners. Powered by our high-tech platform and arising from supply chain expertise, we provide sourcing, warehousing, distribution, digital commerce, marketing and brand development solutions that enhance choice, speed up delivery, drive conversion and increase reach.

Additional information can be found on [our website](#) and on [LinkedIn](#).

### Forward Looking Statement

This press release includes forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond B&S's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.