

# BOGART

PRESS RELEASE

Paris, 29 September 2022

## H1 2022 results

### Double-digit EBITDA margin maintained in an extended scope

### Strong balance sheet structure

BOGART posted a strong increase in H1 2022 turnover, up 28.7%, particularly in the Bogart Fragrances & Cosmetics division. As announced, turnover at Bogart Beauty Retail benefitted from an extension in the scope of consolidation, although this had a one-off negative impact on first-half EBITDA given the gradual alignment of the new France store network with the Group's profitability standards.

Sales momentum at Bogart Fragrances & Cosmetics is set to remain strong during the second half, underpinned by multiple product launches, and BOGART confirms an increase in EBITDA for 2022.

| €m   | H1 2021      | H1 2022      | Change %      |
|--|--------------|--------------|---------------|
| <b>Turnover</b>                              | <b>101.8</b> | <b>131.0</b> | <b>+28.7%</b> |
| <i>o/w Bogart Fragrances &amp; Cosmetics</i> | 16.8         | 24.3         | +44.6%        |
| <i>o/w Bogart Beauty Retail</i>              | 85.0         | 106.7        | +25.5%        |
| Other revenues <sup>1</sup>                  | 5.7          | 5.9          | +3.5%         |
| Total revenues                               | 107.5        | 136.9        | +27.3%        |
| <b>EBITDA<sup>2</sup></b>                    | <b>13.8</b>  | <b>14.1</b>  | <b>+2.2%</b>  |
| <b>Operating income (loss)</b>               | <b>(2.9)</b> | <b>(6.2)</b> | <b>-</b>      |
| Financial income (expense)                   | (1.5)        | (2.1)        | -             |
| Income tax                                   | (0.3)        | (0.5)        | -             |
| <b>Net profit (loss) Group share</b>         | <b>(4.7)</b> | <b>(8.7)</b> | <b>-</b>      |

The consolidated financial statements for the first half of 2022 were approved by the Board of Directors at its 29 September 2022 meeting. The Statutory Auditors conducted a limited review on the financial statements.

### **Business performance**

For the first half of 2022, BOGART reports consolidated turnover of €131.0 million, a robust increase of 28.7% relative to H1 2021 (up 12% at constant consolidation scope and exchange rates), driven by an excellent level of activity in Q2 for the Group's two divisions. Exports accounted for 91% of turnover.

The *Bogart Fragrances & Cosmetics* division even outperformed turnover levels of H1 2019 (pre-health crisis), thereby illustrating the appeal and visibility of BOGART products both within and outside its network. Turnover in the *Bogart Beauty Retail* division benefitted from BOGART's active acquisitions policy with the integration of 38 Nocibé stores (since October 2021) and 70

<sup>1</sup> Revenues from licences and advertising rebates to brands distributed through BOGART's own 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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fragrance boutiques from the Fann chain in Slovakia (since January 2022). As of 30 June 2022, BOGART operated 475 stores in seven countries.

Staff costs amounted to €35.3 million in H1 2022 versus €25.5 million in H1 2021, an increase of 38.7%, owing to the extension of the scope and the automatic indexation of salaries, notably in Belgium.

Other recurring expenses increased by 26.8% to €24.7 million in H1 2022 versus €19.5 million in H1 2021.

EBITDA rose 2.2% to €14.1 million from €13.8 million in H1 2021. EBITDA for the *Bogart Fragrances & Cosmetics* division offset the temporary downturn in the *Bogart Beauty Retail* division, which reflected a generally unfavourable context and the gradual development of an expanded network. The Group is currently working on measures to improve operational efficiency and rapidly bring the entire new French network into line with the Group's profitability standards.

The operating loss amounted to €6.2 million in H1 2022, compared to €2.9 million in H1 2021. This includes €18.4 million in depreciation, amortisation and provisions, up €2.9 million versus H1 2021, and non-recurring expenses of €1.9 million mainly related to the costs of acquiring the Fann fragrance chain stores (impact of €1.0 million).

After net financial expense of €2.1 million (including a one-off €0.8 million impact on asset disposals) and a €0.5 million tax expense, the net loss Group share stood at €8.7 million in H1 2022, compared with a loss of €4.7 million on 30 June 2021.

## **Strong financial structure**

At 30 June 2022, BOGART's equity amounted to €89.3 million, compared with €97.2 million at 31 December 2021 and €94.3 million at 30 June 2021, after share buybacks (€0.8 million) and the booking of the first half loss.

H1 2022 cash flow increased to €11.8 million from €10.1 million in H1 2021.

Change in working capital requirements was negative at €35.3 million in H1 2022 compared to a negative change of €25.1 million in H1 2021, due to the increase in inventories (up €10.6 million) following the integration of 108 stores (Fann and Nocibé scope).

Capital expenditure totalled €2.6 million (excluding the non-cash IFRS 16 impact of €9.8 million linked to the acquisition of Fann stores) versus €2.8 million in H1 2021, a level in line with Group standards.

Moreover, the Company repaid €21.8 million in loans during the period (€16.7 million in lease liabilities and €5.1 million in bank loans). The Group paid a dividend of €0.23 per share on 7 July 2022 after the balance sheet date, representing a total amount of €3.6 million.

Finally, the Group had strong gross cash and cash equivalents of €57.2 million at 30 June 2022, compared with €93.2 million at 31 December 2021 and €51.6 million at 30 June 2021. Given the seasonal nature of the Group's business, cash and cash equivalents are always higher at the end of the year.

Loans and borrowings (excluding IFRS 16 lease liabilities of €143.1 million) amounted to €94.5 million at 30 June 2022, compared with €87.1 million at 31 December 2021 and €78.7 million at 30 June 2021.

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## **Targeted launches in H2 2022 to boost strong momentum in the *Bogart Fragrances & Cosmetics* division**

In the second half of 2022, BOGART will undertake major new launches for its brands. **Stendhal** is now releasing the new “Recette merveilleuse” cosmetics products following a complete overhaul of the product line. Other launches are planned for Q4 2022 for the **Carven** (women’s fragrance), **Jacques Bogart** (men’s fragrance) and **Ted Lapidus** (women’s fragrance) brands.

BOGART has also just announced a new partnership with the French singer-songwriter, Slimane, to create and distribute his first natural haircare brand – “Cousin.e.s”. These products will be launched as of November 2022 through the April store network in France, Belgium and Luxembourg followed by selective fragrance stores in Dubai and other European markets<sup>3</sup>.

Lastly, following its success in the France store network, the **April** brand will continue to roll out its 500 make-up references in Israel and Slovakia in H2 2022.

## **EBITDA expected to increase in 2022**

BOGART expects a strong recovery in the second half of the year with an increase in 2022 EBITDA compared to the 2021 financial year. Strong launch momentum will fully support activity in the *Bogart Fragrances & Cosmetics* division while the Group notes that the *Bogart Beauty Retail* division is historically much more profitable in the second half of the financial year.

However, BOGART is paying close attention to the difficulties that could penalise H2 2022 turnover: higher raw materials and energy prices as well as the risk of a contraction in consumption. Component supplier pressures also make it difficult to manage inventories within the industry. Although BOGART controls its production sites, the Group is not immune to supply chain difficulties affecting the availability of certain products at its factories.

In addition to focusing on profitability in the expanded network, the Group notes that this expansion fully contributes to the virtuous manufacturer/distributor model thanks to the positive effects on the deployment of own-brand sales. Historically, BOGART has already demonstrated its ability and know-how in integrating retail networks, even on a large scale, with a focus on improving the profitability of its network while carefully and rigorously managing its cash flow.

## **Publication of the first half 2022 financial report**

The BOGART first-half 2022 financial report is now available to the public and was filed with the French financial markets authority (AMF). The report may be downloaded from the Group website at: [www.groupe-bogart.com](http://www.groupe-bogart.com)

### **Next publication**

**BOGART will publish its third-quarter turnover on 17 November 2022**

Group website [www.groupe-bogart.com](http://www.groupe-bogart.com)

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<sup>3</sup> See press release of 22 September 2022

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## APPENDIX

### EBITDA/OPERATING INCOME RECONCILIATION

| €m - IFRS  | H1<br>2021 | H1<br>2022 |
|--|------------|------------|
| EBITDA   | 13.8       | 14.1       |
| CVAE   | -          | (0.1)      |
| Destruction of stocks                                  | -          | -          |
| Depreciation and impairment charges net of write-backs | (15.5)     | (18.4)     |
| Other non-operating income (expense)                   | (1.2)      | (1.9)      |
| Operating income (loss)                                | (2.9)      | (6.2)      |