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SPADEL GROUP : ANNUAL RESULTS 2022

Strong growth in sales, volumes and market share in all markets where the group is active, but significant decline in operating result due to high raw material and energy prices.

- ▶ **Strong sales growth of 13.7%** driven by the dynamism of our brands, innovations and commercial policy.
- ▶ **Recurring operating income (REBIT) down 24.3% following** the unprecedented surge in prices for raw materials, packaging, energy and transport ... partially offset by price increases and a plan to save on commercial and operating expenses. Operating profit (EBIT), impacted by non-recurring restructuring costs, declined by 43.3%.
- ▶ **Proposed gross dividend: 1.50 euros/share** (1.05 euros net) down 25% year-on-year.

In 2022, the Spadel Mineral Group achieves a strong increase in sales with a 13.7% increase in turnover. At the same time, the operating result (EBIT) is down by 43.3%.

The increase in turnover was reflected in all of the Group's markets with increases of almost 7% in BeLux, 15% in the Netherlands, 19% in France and more than 24% in Bulgaria, enabling Spadel to strengthen its leading position in the markets where the Group is active. The significant increase in turnover is mainly due to the growth in sales volumes and the launch of a number of innovations that were well received by the market. This is the case of the new, more ecological format Spa Reine Eco Pack 5L, for example.

The significant decline in operating profit (EBIT) is mainly due to the surge in raw material and energy prices. This unprecedented price volatility represents an average increase of around 14% on the Group's overall production and transport costs. The price increases and savings plans implemented during the year were only able to partially offset these cost increases.

Marc du Bois, CEO of the Spadel Group: "I am extremely proud of the work done by all our teams in 2022. Thanks to their commitment and flexibility, we have recorded an increase in our turnover of almost 15% and a growth of almost 10% in our volumes. This is an absolutely remarkable performance, which has been accompanied by an increase in our market share in all the countries where we are active. At the same time, the unprecedented explosion in raw material prices unfortunately weighed on our profitability, even though we were able to absorb

part of the increase in our costs through price increases and savings plans. In this complicated external context, the Spadel Group has not forgotten its objective to become a positive impact company by moving towards ever greater sustainability and local impact.

In this respect, the year 2022 will also be marked by the B Corp certification obtained by Spadel and all its brands. This is another magnificent achievement by our teams."

1. KEY FIGURES

Consolidated results (in 000 €)	2022	2021	Difference
Net turnover	320.751	282.159	13,7%
Raw materials, consumables and merchandises	-87.316	-60.117	45,2%
Services and various goods	-130.405	-115.390	13,0%
Personnel costs	-67.830	-63.566	6,7%
Amortisations and depreciations	-21.687	-20.259	7,0%
Other operating revenue income/(costs)	7.220	13.728	-47,4%
Operating result (EBIT)	20.733	36.554	-43,3%
Financial income	213	320	-33,4%
Net financial expenditure	-3.192	-636	401,8%
Equity accounting method	-577	-150	284,7%
Result before tax	17.177	36.088	-52,4%
Taxes	-4.389	-9.439	-53,5%
Profit/(loss) of the financial year	12.788	26.649	-52,0%
REBIT (Current operating profit)	23.448	30.978	-24,3%
EBITDA (Operating Cash-flow) (*)	42.420	56.813	-25,3%

(*) Operating profit plus amortisations and depreciations

Consolidated balance sheet (in 000 €)	2022	2021	Difference
Assets			
Fixed assets	238.088	242.101	-1,7%
Current assets	157.893	156.546	0,9%
Total assets	395.981	398.647	-0,7%
Equity capital and liabilities			
Equity capital	257.839	251.537	2,5%
Long-term liabilities	34.019	38.702	-12,1%
Current liabilities	104.124	108.408	-4,0%
Total Liabilities	138.143	147.110	-6,1%
Total equity capital and liabilities	395.982	398.647	-0,7%

Key figures per share	2022	2021	difference
Number of shares	4.150.350	4.150.350	=
Operating profit/(loss) per share (EUR)	5,00	8,81	-43,3%
Net profit/(loss) per share	3,08	6,42	-52,0%

The auditor has confirmed that his audit work, which has been substantially completed, has not revealed any material misstatements in the draft consolidated accounts, and that the accounting information included in the annual press release is consistent, in all material respects, with the said draft accounts from which it is extracted.

2. COMMENTS ON THE CONSOLIDATED RESULTS

2.1 Turnover

The consolidated net turnover of the Group amounts to 320.8 million euros, a strong increase of 13.7% compared to 2021. This exceptional increase in turnover in all our markets reflects the dynamism of our brands, our innovations and our commercial policy.

Turnover in the **Benelux** grew by 10% compared to the previous year (+7% in Belux and +15% in the Netherlands), supported by volume growth of more than 7% and by price and product mix improvements of around 3%. Spa further strengthened its leadership position in the water and flavoured water market in Belgium and the Netherlands, increasing its distribution and gaining market share over its competitors.

This strong sales growth was supported by a communication campaign focused on the brand's purpose 'Better drinking. Better living', the listing of our products in all hard discount stores in Belgium and the Netherlands, the launch of a new, more ecological 5L Spa Reine Eco Pack format, as well as the launch of the new range of lemonades made from 100% ingredients of natural origin. The positive sales trend was also helped by the lifting of the lockdown and the gradual reopening of the hotel and catering industry from the second quarter.

In **Bulgaria**, Devin, the undisputed leader, continued to grow relative to the competition by increasing its market share and posting a remarkable increase in sales of almost 24%. This performance was supported by an appropriate pricing strategy, product and packaging innovations and effective commercial execution, making the product available anytime, anywhere. The end of pandemic restrictions also boosted demand. Devin also successfully launched two new flavours in the new 'Devin Mineral and Vitamins' range based on mineral water enriched with vitamins and micro-nutrients, as well as a new 1.8 Lt format under the Devin Mineral and Devin Spring brands.

In **France**, sales increased by almost 19%. Both Wattwiller and Carola gained market share, outperforming their categories.

Wattwiller recorded another year of growth with sales up by more than 10% compared to 2021, mainly supported by the development in the retail sector. The brand was also supported by the launch of the new TV campaign "Taking care of the essential", which highlights the brand's contribution to

limiting global warming.

Carola had a remarkable year with a 32% increase in turnover. The year 2022 was punctuated by a poster campaign highlighting the brand's local character, the launch of a new Blueberry-Blackberry flavour in the flavoured water range, as well as the marketing of a new 33cl returnable glass format. The brand also benefited from the end of restrictions related to the COVID pandemic from March 2022 and the reopening of outlets leading to a very dynamic recovery in the out-of-home consumption channel. The exceptional summer weather also contributed to this performance.

2.2 Operating profit

Recurring operating profit (REBIT) fell by 24.3% to 23.4 million euros, compared with 31.0 million euros in 2021.

This decline in recurring operating income, despite strong sales growth, is mainly due to the unprecedented rise in prices for raw materials, packaging, energy and logistics costs. This price explosion represents an average increase of around 14% on all our production and transport costs. This cost increase could only be partially offset by price increases and a savings plan for commercial and operational expenses, leading to a deterioration of our operating margin.

The operating result for 2022 was also affected by non-recurring restructuring costs totalling EUR 2.7 million.

On the other hand, the result for the year 2021 was favourably impacted to the tune of 5.6 million euros by an adjustment to the debt for returnable packaging, following the change in the collection system in the Netherlands.

Taking into account these non-recurring items, the operating result (EBIT) amounts to 20.7 million euros, down 43.3% compared to the 2021 result (36.6 million euros).

2.3 Financial results

The financial revenues amounted to 0.2 million euros. This is lower than in 2021 (0,3 million euros). The financial costs amounted to 3.2 million euros, up from 0.6 million euros in the previous year due to a write-down of financial investments.

2.4 Taxes

The tax charge for the year was EUR 4.4 million, down from 9.4 million euros in 2021 due to lower pre-tax profit and lower deferred taxes.

2.5 Net profit

The Group closed the year with a net profit of 12.8 million euros compared to 26.6 million euros the previous year.

3. INVESTMENTS

Investments in tangible and intangible fixed assets made by the Spadel Group in 2022 amounted to 17.1 million euros compared to 19.6 million euros in 2021.

The investments mainly concern:

- The installation of a production line in Spa for the new Spa Reine Eco Pack 5L format;
- The installation of new labelling machines in Spa;
- Work on the pipes and tanks in Spa;
- Installation of a new palletiser on the PET line, as well as a compressor in Bru;
- Equipment for the bottling lines and work on the production halls and warehouses in Bulgaria to accommodate growth;
- The purchase of point of sale refrigerators, dispensers and vehicles in Bulgaria;
- The installation of a new labelling machine in Ribeauvillé;
- Equipment related to the introduction of new formats, the attached cap and waste water treatment in Wattwiller;
- The purchase of glass bottles and crates in Spa, Ribeauvillé and Bru;

4. BALANCE SHEET DATA

On 31 December 2022, the equity capital, according to IFRS standards, amounted to 257,8 million euros, compared to an amount of 251,5 million euros at the end of 2021. The equity capital included 103,9% of the fixed assets.

The solvency ratio, i.e. the ratio of equity capital to total liabilities, amounted to 65,1%.

Operating activities generated a cash flow of 40,9 million euros in 2022, compared to 55.8 million euros the previous year. After financing the working capital, investments and financing activities, the net cash flow generated by the Group in 2022 was a negative 5.0 million euros.

Therefore the Group closed 2022 with a cash position of 82.9 million euros and no longer has any financial debt.

5. DIVIDEND

At the general meeting of shareholders, the board of directors will propose the payment of a gross dividend of 1.50 euros per share (1.05 euros net). This gross dividend is 25% lower than the one distributed last year.

6. PROSPECTS

The year 2022 has seen strong sales growth and we are confident about the long-term evolution of the category. However, we remain vigilant to the evolution of consumption over the coming months under the influence of the macro-economic context and inflationary pressures, impacting purchasing power and consumer behaviour.

In addition, the particularly high indexation of salaries at the beginning of 2023 weighs heavily on the company's cost structure.

Nevertheless, the Group continues to demonstrate its agility and resilience by adapting its purchasing strategy, its sales price policy, its organisation and by developing savings plans, in order to restore its margins and ensure its ambition of growth in operating profit.

The Group is also continuing its efforts as a leader in the mineral water market by strengthening its investments and offering consumers increasingly innovative products focused on health, hydration, naturalness and sustainability. After achieving milestones such as carbon neutrality and Platinum certification for sustainable water management from the Alliance for Water Stewardship (AWS), we are the first family-owned mineral group to be recognised as a positive impact company with a B Corp certification. This focus on our societal and environmental impact for a more circular and inclusive economy also demonstrates our capacity for innovation.

7. SHAREHOLDER'S CALENDAR:

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|---|----------------|
| - Annual report (website www.spadel.com) | 21 April 2023 |
| - General Meeting of Shareholders | 23 May 2023 |
| - Payment of dividend (coupon no. 24) | 2 June 2023 |
| - Publication of the half-year results 2023 | 28 August 2023 |

BRIEF OVERVIEW OF SPADEL

- Commercialised brands: SPA, BRU, WATTWILLER, CAROLA, DEVIN.
- Five production sites: SPA MONOPOLE, BRU-CHEVRON, LES GRANDES SOURCES DE WATTWILLER (France), LA S.A. des Eaux Minérales de Ribeuuillé (France) and DEVIN (Bulgaria).
- Consolidated turnover 2022 : 320,8 millions d'euros.
- Staff employed on 31 december 2022 : 1.329 people.
- Operating result (EBIT) 2022 : 20,7 million euros.
- Net profit 2022 : 12,8 million euros.

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