

SHAREHOLDERS' LETTER

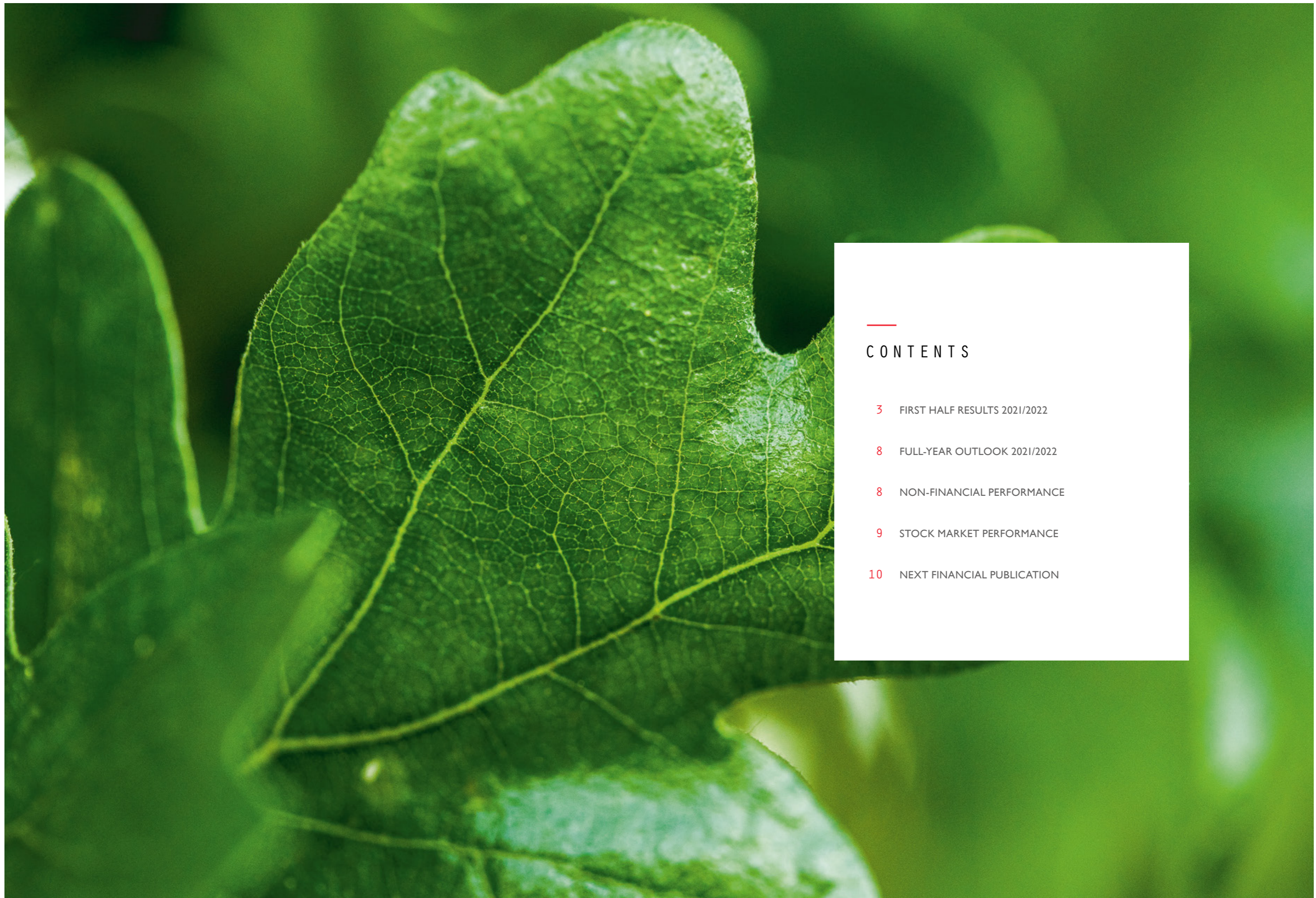
/ JANUARY 2022



RÉMY COINTREAU



RESULTS
FOR THE FIRST HALF
2021/2022



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AN EXCELLENT FIRST HALF

Rémy Cointreau generated **consolidated sales** of €645.3 million in the first half, up 52.0% on an organic basis¹ (49.8% on a reported basis) and up 26.9% on an organic basis relative to the first half 2019/2020 (pre-pandemic). This performance reflects continued excellent momentum in China and the United States as well as a strong recovery in Europe.

Current Operating Profit came in at €212.9 million, equating to exceptional growth of 104.5% on an organic basis and 100.4% on a reported basis.

The current operating margin rose significantly, climbing 8.3 percentage points (pp) to an all-time high of 33.0% (up 8.5pp on an organic basis). This sharp uplift reflects the following:

- organic growth of 4.0pp in the gross margin to 69.1% (its highest ever level), driven by very favourable price/mix effects and a sharp rise in volumes
- excellent absorption of overheads (ratio down 5.3pp on an organic basis)
- increased marketing and communication spend (with the ratio up 0.8pp on an organic basis) to boost brands' medium-term growth potential
- favourable currency effects (+0.4pp) and unfavourable consolidation scope effects (-0.6pp)

Excluding non-recurring items, net profit attributable to the Group came in at €148.2 million, up 127.4% on a reported basis (up 132.9% on an organic basis), giving a net margin of 23.0%, up 7.8pp on a reported basis (up 8.0pp on an organic basis).

Eric Vallat, Rémy Cointreau's CEO, stated:

"It has been an amazing semester for Rémy Cointreau, reflecting our market share gains and the solid progress made on our strategic priorities. These results will reinforce our ability to become the worldwide leader in exceptional spirits. They will enable us to fuel the growth of tomorrow, by accelerating our investments behind our brands, our capabilities, and our plan #APlanetOfException against global warming. We should be proud, but also humble as we operate in a resilient business. Our great brands built over centuries are well positioned to benefit from the upgrading trends worldwide."

¹ All references to "organic growth" in this document refer to growth at constant currency and consolidation scope.

COGNAC

First-half **sales** at the Cognac division were up 55.2% on an organic basis (up 52.1% on a reported basis), including volume growth of 35.0% and a 20.2% increase from price/mix effects thanks to the growing contribution from mid-range products (Rémy Martin Club in China and 1738 Accord Royal in the United States) and worldwide price rises implemented in April 2021. All regions contributed to this excellent performance, in particular the United States, where consumption has been very buoyant, and China, where the Group performed very well during the Mid-Autumn Festival.

Current Operating Profit rose 101.9% on an organic basis to €188.1 million (up 101.0% on a reported basis), translating into an organic increase in the margin of 9.2pp to an all-time high of 40.5%. This growth reflects a significant uplift in



the gross margin (evenly split between volume and price/mix effects), strong overhead absorption and increased marketing and communication spend, particularly in the key markets of China and the United States.

LIQUEURS & SPIRITS

First-half **sales** at the Liqueurs & Spirits division were up 46.9% on an organic basis (up 46.4% on a reported basis). All regions contributed to this very strong performance, including in particular the key markets of the United States, where the House of Cointreau remains hugely popular, and Europe, driven by strong consumption since the on-trade channel reopened, market share gains for Cointreau and a sharp recovery in sales of Metaxa.

Current Operating Profit came in at €37.8 million, up 121.5% on an organic basis (up 92.7% on an organic basis relative to H1 2019/2020) and up 103.2% on a reported basis. This translated into a current operating margin of 23.1% (up 8.4pp on an organic basis), driven by a sharp uplift in the gross margin (evenly split between volume and price/mix effects) across all the brands and tight control of overheads. At the same time, the Group maintained a sustained level of marketing and communication spend.

PARTNER BRANDS

First-half **sales** of Partner Brands were up 23.6% on an organic basis (up 24.6% on a reported basis), driven by favourable base effects, particularly in Europe, and strong momentum in the Benelux countries and the United Kingdom.

Current Operating Profit came in at €0.3 million, compared with €0.5 million in the first half of financial year 2020/2021.

CONSOLIDATED RESULTS

Current Operating Profit (COP) came in at €212.9 million, up 104.5% on an organic basis (up 58.8% relative compared to the first half 2019/2020) and up 100.4% on a reported basis. This performance was mainly driven by exceptional growth in **Current Operating Profit from Group Brands** (up 105.2% on an organic basis) and takes into account a €6.9 million increase in holding costs, including a €2.0 million donation to the Rémy Cointreau Foundation and €4.9 million in relation to medium- and long-term retention measures, employee savings and the employee share ownership plan.

This performance also includes **adverse currency effects (-€1.9 million)**. The average EUR/USD conversion rate deteriorated from 1.14 in HI 2020/2021 to 1.19 in HI 2021/2022, while the average collection rate (linked to the Group's hedging policy) came out at 1.18 in HI 2021/2022, compared with 1.16 in HI 2020/2021.

Lastly, this performance takes into account **adverse consolidation scope effects costing -€2.4 million** in relation to the acquisition of Brillet and Telmont.

The **current operating margin** rose sharply, up 8.3pp on a reported basis to 33.0% (up 8.5pp on an organic basis).

Operating profit came in at €199.3 million, up 88.0% on a reported basis after taking into account €13.6 million of provisions for international customs risks relating to prior periods.

Net financial expense improved from -€8.0 million in HI 2020/2021 to -€7.4 million in HI 2021/2022, in line with the reduction in the Group's net financial debt.

The tax expense totalled €58.1 million, giving an effective tax rate of 30.3% (28.0% excluding non-recurring items), a significant improvement on HI 2020/2021 (33.8% on a reported basis and excluding non-recurring items). This improvement was mainly the result of a reduction in the tax rate in France, where the Group generates most of its taxable income.

After taking into account the Group's share of net income from associates, **net profit attributable to the Group** came in at €134.0 million, up 106.1% on a reported basis (up 111.6% on an organic basis).

Excluding non-recurring items, net profit attributable to the Group came in at €148.2 million, up 127.4% on a reported basis (up 132.9% on an organic basis), giving a net margin of 23.0%, up 7.8pp on a reported basis (up 8.0pp on an organic basis).

Excluding non-recurring items, **net earnings per share** came out at €2.95, up 126.0% on a reported basis.

Net debt came in at €299.6 million, down €14.7 million from the position at 31 March 2021. In addition to free cash flow, this improvement in net debt mainly reflects the non-cash effect of early conversion of part of the OCEANE debt for a nominal value of €153.4 million (€149.1 million under IFRS). At 30 September 2021, applications had been received to convert 55.8% of the outstanding OCEANE bonds into Rémy Cointreau shares. A total of 1,398,822 shares were thus exchanged, consisting of 75,000 existing shares and 1,323,822 new shares. At 30 September 2021, the share capital was made up of 51,850,385 shares with a par value of € 1.60 each.

As a result, **the net debt/EBITDA ratio** came out at 0.77 at 30 September 2021, compared with 1.33 at 31 March 2021.



SUBSEQUENT EVENTS

On **3 November 2021**, to coincide with COP26, Rémy Cointreau launched the #APlanetOfException project, which focuses on a dual commitment:

- 1/ to reduce the Group's carbon footprint (in line with the Paris Climate Agreement) as part of its official membership of the Science-Based Targets initiative and

- 2/ to make an annual contribution to climate action in its key markets. The Group thus confirms its long-term targets of reducing the intensity of its carbon emissions by 50% across the whole entire value chain by 2030 and reaching net zero emissions by 2050. The Group has also committed alongside South Pole to make an annual contribution to projects in the United States and China. Actions in this area will enable it to achieve carbon neutrality from as early as 2021/2022.

On **8 November 2021**, Rémy Cointreau announced that it had taken out an €80 million seven-year loan at a fixed interest rate of 0.60%.

FULL-YEAR GUIDANCE UPGRADED

For financial year 2021/2022, Rémy Cointreau reiterates its confidence in its ability to outperform the exceptional spirits market and anticipates strong organic growth in sales, mainly driven by performance in the first half.

The Group also confirms its intention to meaningfully increase its marketing and communication spend this year, particularly in the second half, to support its brands through the recovery and boost their medium-term growth potential.

On the back of these stronger than expected first-half results, Rémy Cointreau is upgrading its full-year guidance and is now targeting very strong organic growth in Current Operating Profit.

In light of the Group's plans to step up marketing and communication spend and manage its strategic inventory in the fourth quarter, and given the high base of comparison in the second half, organic growth in Current Operating Profit will be driven solely by the outstanding growth seen in the first half. This will be tempered by adverse currency effects (estimated at around -€5.0 million) and a full-year scope effect of -€2.4 million.

Consequently, Rémy Cointreau now expects to see an organic improvement in its current operating margin.

_ KEY FIGURES

IN M€ UNLESS OTHERWISE STATED	H1 2021/2022	H1 2020/2021	REPORTED CHANGE	ORGANIC CHANGE	
				vs. H1 2020/2021	vs. H1 2019/2020
Sales	645.3	430.8	+49.8%	+52.0%	+26.9%
Gross margin (%)	69.1%	64.7%	+4.4pp	+4.0pp	+2.0pp
Current Operating Profit	212.9	106.2	+100.4%	+104.5%	+58.8%
Current operating margin (%)	33.0%	24.7%	+8.3pp	+8.5pp	+6.7pp
Net profit attributable to the Group	134.0	65.0	+106.1%	+111.6%	+51.7%
Net profit excluding non-recurring items	148.2	65.2	+127.4%	+132.9%	+78.9%
Net margin excluding non-recurring items (%)	23.0%	15.1%	+7.8pp	+8.0pp	+6.8pp
EPS after minority interests (€)	2.67	1.30	+104.9%	-	-
EPS excluding non-recurring items (€)	2.95	1.31	+126.0%	-	-
Net debt/EBITDA ratio	0.77	2.04	-1.27	-	-

_ CURRENT OPERATING PROFIT BY DIVISION

IN M€ UNLESS OTHERWISE STATED	H1 2021/2022	H1 2020/2021	REPORTED CHANGE	ORGANIC CHANGE	
				vs. H1 2020/2021	vs. H1 2019/2020
Cognac	188.1	93.6	+101.0%	+101.9%	+51.2%
As % of sales	40.5%	30.6%	+9.8pp	+9.2pp	+6.4pp
Liqueurs & Spirits	37.8	18.6	+103.2%	+121.5%	+92.7%
As % of sales	23.1%	16.6%	+6.4pp	+8.4pp	+8.6pp
Subtotal: Group Brands	225.9	112.2	+101.4%	+105.2%	+57.3%
As % of sales	35.9%	26.9%	+9.1pp	+9.2pp	+7.0pp
Partner Brands	0.3	0.5	-29.4%	-21.0%	n.a
As % of sales	2.0%	3.6%	-1.6pt	-1.3pt	+6.2pp
Holding company costs	(13.4)	(6.5)	+107.5%	+107.6%	+48.6%
Total	212.9	106.2	+100.4%	+104.5%	+58.8%
As % of sales	33.0%	24.7%	+8.3pp	+8.5pp	+6.7pp



NON - FINANCIAL PERFORMANCE

_RÉMY COINTREAU BRINGS A NEW DIMENSION TO ITS CLIMATE STRATEGY WITH #APLANETOFEXCEPTION

For the past decade, Rémy Cointreau has worked to reduce its environmental impact and especially its carbon footprint. The Group releases 0.5 kg¹ of CO₂ for each euro of its operating profit, compared with an average of 4.5 kg² for the global beverage and food industry. The Group therefore combines a high level of profitability and a low carbon footprint. Even so, it wants to take its efforts further and strengthen its participation in global efforts to combat climate change and to achieve worldwide carbon neutrality.

To celebrate COP 26, Rémy Cointreau is launching the project #APlanetOfException which is structured around a dual commitment. Firstly, it is officially joining the Science-Based Targets initiative, and thus committing to reducing its carbon footprint in line with the Paris climate agreements. Secondly, it is committing to an annual contribution to climate actions in its main markets.

Reducing our carbon emissions

Rémy Cointreau has officially committed to the Science Based Targets by joining the "Business Ambition for 1.5°C" initiative, which gathers companies with the most ambitious SBT objectives. In this respect, it is confirming its targets announced in June 2020 as part of its 2030 strategic plan, which includes CSR transformation as one of the four pillars. The Group aims to reduce its carbon emissions by 50% (in intensity) across its entire value chain (scopes 1, 2, and 3) by 2030 and to reach "net zero emissions" by 2050. With the help of consulting firm Quantis, the Group has launched several initiatives around its four major areas for reduction: packaging (45% of the Group's total carbon footprint), transport (20%), purchases of agricultural raw materials (19%), and energy (7%). In addition, true to its values and history, the Group is convinced more than ever that these objectives can be achieved only in close collaboration with its suppliers and partners and with the involvement of all its employees.



Taking climate actions

To participate in climate actions in its main markets, Rémy Cointreau is also announcing its commitment with South Pole to make annual contributions to projects in the United States and China. The Group will fund certified projects in renewable energy and in forest restoration and sustainable management. These actions will also support initiatives to protect the territories (such as water conservation) and communities most vulnerable to climate change (by promoting diversity and savoir-faire transmission for instance) in keeping with the Group's values.

The scale of these actions will enable the Group to contribute to its carbon neutrality from 2021/2022 based on the growth forecasts of its 2030 plan and its CO₂ reduction actions.

_RÉMY COINTREAU SUPPORTS AGRICULTURAL PRACTICES WITH POSITIVE IMPACT ON CLIMATE AND BIODIVERSITY

Rémy Cointreau has a centuries-long history of working to preserve and pass on the terroirs that are the cradle of its exceptional wines and spirits. From vines to orange trees and from cereals to sugar cane, the Group committed very early on to securing certification for its terroirs in pursuit of responsible and sustainable farming.

Faced with the reality of climate change, the Group now has a dual responsibility to not only protect its terroirs but also to promote them as a "solution". It must ensure its living soils play their full part in combating global warming by cultivating their biodiversity and maximising their potential for carbon sequestration.

That is the vision behind Rémy Cointreau's new partnership with Genesis (formerly Greenback SAS), which uses a combination of soil samples and metadata to measure the impact of farming practices on soil based on three key indicators: pollution, biodiversity and carbon sequestration.

This project will help drive forward Rémy Cointreau's Research and Development strategy in the areas of wine growing and cereal crops, enabling the Group to help wine growers and farmers adopt increasingly climate- and biodiversity-friendly practices.

_RÉMY COINTREAU WINS THE 2021 "TROPHÉE DE L'IMMATÉRIEL"

Awarded by the French independent think tank L'Observatoire de l'Immatériel, this trophy rewards and recognizes all of the intangible assets of the Rémy Cointreau Group (which are neither financial or material) but those which are value-creating, distinctive and long-lasting: its human, structural (governance, organization, processes) and environmental capital (everything that links the company to its environment and its partners).

_RÉMY COINTREAU 2ND MOST RESPONSIBLE FRENCH COMPANY IN THE AGRIFOOD SECTOR

For the 2nd year in a row, Rémy Cointreau is on the podium of the most responsible French companies in the Food & Beverage sector, according to a study published by French magazine Le Point in partnership with Statista, an independent institute. Ranked number 2 on the overall list, the Group is by far number 1 on the Environment criterion.

This amazing result confirms our commitment and is a great reward for our teams, who are resolutely committed to "The Sustainable Exception", dear to Rémy Cointreau.



¹ Rémy Cointreau Group's total carbon footprint (scopes 1, 2, and 3) / Current operating profit: 121.2KtCO₂ eq/€236.1M

² Source: Research report "Carbon: the equity risks & opportunities" by Exane BNP Paribas; Total emissions tCO₂ eq/EBIT



NEXT FINANCIAL PUBLICATION

January 25, 2022 2021/2022 Q3 Sales

April 29, 2022 2021/2022 FY Sales

June 2, 2022 2021/2022 FY Results

July 21, 2022 Shareholder Meeting

SHAREHOLDER CONTACTS

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STOCK MARKET PERFORMANCE



Share Price performance as of November 30, 2021

One year: 38.9%

Two years: 77.1%

Three years: 102.3%

Four years: 85.2%





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