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Rémy Cointreau Q4 Sales FY25-26

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Operator: Welcome to the Rémy Cointreau 2025-2026 Fourth Quarter Sales Presentation. For the first part of the conference call, the participants will be in listen-only mode. During the questions and answer session, participants are able to ask questions by dialling pound key five on the telephone keypad.

Now I will hand the conference over to Luca Marotta, Deputy CEO and CFO. Please, sir, go ahead.

Luca Marotta: Good morning, everyone, and thank you for joining us today.

As highlighted in our press release, Q4 sales grew by 8.9% organically speaking, including 4 points of Chinese New Year calendar effects. This performance reflects strong growth of the cognac, plus 15.5%, including 7 points of Chinese New Year calendar effect, positive, mainly driven by China, which benefited from the favourable base of comparison, including the end of the disruption in the Chinese duty-free. As a reminder, it was clearly present the previous year in Q4. Clearly, another positive element, which is the good resilience during Chinese New Year.

In parallel, Americas recorded a moderate decline due to high comps in the US and some phasing effects specifically in Canada. Second important point to highlight and to explain this plus 8.9% Q4 performance, stable performance in Liqueurs & Spirits division, minus 0.1%, which reflects a solid momentum in the US and China, but more contrasted performance in EMEA on the back of phasing effect.

Q4 sales decline increase breaks down as follows. A volume decrease of 2.4% and plus 11.3% of price-mix effects, largely driven by mix on the back of strong outperformance of cognac versus Liqueurs & Spirits. This performance brings annual growth to plus 0.2% in line with guidance and represent plus 1% growth, excluding the duty-free impact in China at yearly level.

This was a broad picture. Looking at the overall sales performance by region, Americas is up plus 7.2% on 12 months basis, which include a slight decrease in sales in Q4, mostly driven by negative phasing effect in Canada and high comps in the US.

APAC is down 4.3% on a 12-month basis, of which 2 points of duty-free disruption impact a yearly level. In Q4, APAC generated a very strong growth led by China, despite soft consumer confidence and tightening regulatory environment. Indeed, clearly, we have to acknowledge the region benefited from a low base of comps and around 12 points of Chinese New Year calendar effect, but at the same time, a very good resilience during Chinese New Year. So it's not only comps or technical effect. That's the message.

In parallel, rest of Asia, performance was weak, affected by tough market condition.

EMEA was down 3.1% this year and continued to display mixed performance in Q4 as well as consumer adopted a more cautious approach. One last word, a little bit more transversally on global Travel Retail across all the regions. The business unit, more than a division, can we call it, was up by low double digits over the year, including a strong double-digit growth in Q4, led by APAC, also considering the low base of comps and EMEA.

This was sell-in shipment. Now let's talk about value depletion Group level, best approx. of sell-out.

In the US, value depletion declined by mid-single-digit year-on-year over 12 months, of which a decline of mid-single-digit in Q4, including a decline of low-single-digit in volume. In China, value depletion were down low-to mid-single-digit year-over-year over 12 months, but up low-single-digit in volume on yearly level.

Looking inside Q4, value depletion recorded a very strong double-digit growth, helped as well by a positive calendar effect. In EMEA, value depletion decreased by mid-single-digit year-on-year and up low-single-digit in Q4, clearly influenced by the performance of the cognac.

What we can say in a nutshell? Overall, 12 months Group value depletion fell by low-single-digits year-on-year, slightly underperforming sell-in trends plus 0.2. But this is not true if you look at the absolute value, because in absolute value, we realised a clear destocking as the generated outflow in depletion was bigger than sell-in inflows. This is mainly driven at yearly level by the US. I'll be back on that point during the presentation also in the Q&A, because it's a very important point.

Percentage growth or decrease in depletion and in sell-in are now sit on a basis in which depletion in value are bigger than sell-in, so it is clearly a health checkpoint that has been ticked.

To conclude on the first slide, we are confirming our full-year COP guidance, and we expect an organic decline between low-double-digit and mid-teens, including tariffs.

After this big entrée order, turning to page number three, a quick note on the Chinese New Year, very important for us, clearly, which was obviously a key factor in Q4.

Market environment in China remains highly complex, with continued pressure from alcohol restriction measures and still subdued consumer confidence. Despite this challenging backdrop, the Group has delivered its objectives and achieved a slight growth in value depletion. I repeat, a slight growth in value depletion on a comparable basis, i.e., Chinese New Year '26 versus Chinese New Year '25, adjusted for calendar effect.

We can say that it seems that Year of the Horse has brought us a little bit of luck, and that our centaur has been perceived as particularly relevant, even if considering the context which is not yet totally straight and linear and positive. This performance stands out in the context of the sharply declining market and therefore represents a real achievement.

However, we shouldn't declare victory too soon. The market remains challenging and it's a daily battle for our teams, and in the near term, the road ahead will still have a few bumps along the way. But at this stage, I would like to thank warmly Chinese teams for their strong execution and the multiplication of impactful activation on the ground for a Chinese New Year that was, considering the context, not bad at all.

Turning to slide number four, full year sales, so back to added figures, amounted to €935.3 million, representing a year-on-year decrease of €49.3 million or minus 5% on a reported basis. This performance was shaped by the following factors: an organic growth, clearly, of plus €2.1 million, so plus 0.2%. This performance is split between plus 3% of positive volume effect and minus 2.8% of price-mix. Price-mix is negative, mostly impacted by price, while mix was slightly positive.

Second point, and as expected, a negative currency translation impact of €51.4 million or minus 5.2% in term of loss linked to the foreign currencies, mainly driven by the deterioration of US dollar, which accounted for €29.2 million and for €15.2 million linked to the Chinese RMB.

Now slide number five, let's delve into organic trends by region. Starting with the Americas, in which organic sales increased by 7.2% this year, down by high teens on a six-year basis. This year-on-year performance include a mid-to high-single-digit growth in volume and a slight growth in price-mix, mostly driven by mix at yearly level.

In the US, specifically inside Americas, sales grew by low-to mid-single-digit in Q4, mostly driven by Liqueurs & Spirits despite a high base of comparison. In parallel, on the depletion sell-out side, Q4 depletion continued to improve sequentially in volume year-on-year compared to Q3, for instance, and specifically at minus low-single-digit, representing a decline of mid-single-digit in value. This is encouraging, but clearly not enough because it is still negative.

Overall, full year value depletion stands at minus mid-single-digit, significantly less negative than last year, but still negative.

In this context, inventory level in the US is slightly improving at remaining in terms of months, but as you know, it's an uncomplete compounder of measure at four months at the end of March.

Inside Americas, there is also Canada, in which sales were down by very strong double-digit in Q4, impacted by concrete and real phasing effect and destocking. Conversely, in Latin America, sales were up by low-to mid-single-digit in Q4, mostly led by Cognac. End of March, Americas accounted for 39% of Group sales, so 2 points more than the previous year.

Second region in terms of weight, we know now APAC, in which organic sales declined by 4.3% year-on-year over the year, but increased by high teens on a six-year basis. In the short term, Americas plus 7%, APAC minus 4%. In the longer term, longer view, clearly, down high teens for the Americas versus '19-'20, increase by high teens on a six-year basis.

Analysing the volume-value equation of the region overall, all brands included, the performance were mostly impacted by negative mix price, while volumes were stable. Inside China, sales were up by very strong double-digit in the last quarter, helped by low comps and a positive Chinese New Year calendar effect, as said, of 12 points at APAC level.

What we can say, to give some more colour, that against persistent soft consumer confidence and regulatory consumption restriction, Chinese New Year depletion proved to be resilient on a comparable basis. Looking at the channels, growth mostly driven by wholesaler, direct e-commerce and PCDs.

In parallel, global value depletions were down low-to mid-single digit year-on-year, but up low single-digit in volume. This yearly performance includes a very, very strong double-digit growth in the last quarter. Given depletions are more or less in line with sell-in trends in 12 months, inventory levels in China remained healthy across most of the brands at the end of this fiscal year.

Elsewhere in the region, in the APAC, rest of Asia recorded a decline of mid-teens in Q4, impacted by Cognac in a challenging economic environment, alongside intense, fierce promotional activity.

By the end of March, APAC accounted for 38% of Group sales, down 2 points compared to the prior year. So Americas 39 and APAC 38.

Finally, the last region in term of weight, EMEA, had organic sales down by 3.1% over the year and around minus high-single-digit over six year, primarily reflecting a negative mix effect. In this big region, we have many sub-cluster.

Let's start with the third-party distributor, which sales were slightly down in Q4, mostly impacted negatively by Germany and more generally on all the countries representing the cluster by weak consumption trends, driven by macroeconomic and geopolitical context.

In the UK and Nordics, sales were slightly up in the last quarter, mostly driven by Nordics. UK was impacted by tax rises, a tougher market, and some additional impact on high brands for the promotional intense activity.

In Benelux and France, sales were up by low-double-digit in Q4, led by Cognac, and to a lesser extent, Liqueurs & Spirits, particularly in Netherlands.

Last but not least, AMEI and CIS, sales were down by double-digit in Q4, impacted by high base of comparison in Africa, and to a lesser extent, by the Middle East conflict. For the full year, value depletion were down mid-single-digit in EMEA, but up low-single-digit in Q4. Overall, this slight unbalanced picture determined that inventory slightly increased.

End of March, EMEA region account for 23% of Group sales, flat versus the previous year.

Now let's turn to slide number six and the analysis by division, starting with the Quin, which is the Cognac.

Cognac division posted an organic sales decline of minus 0.5% over the year, so almost flat, driven by 7.8% increase in volume at a negative price-mix of 8.3%, equally split between mix and price. End of March, Cognac accounted for 61% of our sales, down 1 point compared to the previous year. It was the overall picture.

Let's start with the APAC region, the biggest one for the Cognac, and specifically with Mainland China, in which sales grew by very strong double-digit in the last quarter, helped by low comps, positive Chinese New Year calendar effect, 7 points at Cognac level specifically.

Despite a context marked by soft consumer confidence and regulatory consumption restriction, Chinese New Year depletion showed, I repeat, but it's very important, resilient trends slightly up versus last year on a comparable basis, benefiting from the continuous success, essentially, mainly of Rémy Martin CLUB.

Elsewhere, Macau reported a weak performance as wholesalers continued to face cash constraints. Hong Kong sales were up strongly, showing slight improving underlying trends, while Taiwan was slightly up.

Overall, in terms of depletion, 12 months value depletion were down by mid-single-digit year-on-year and slightly up in volume. The performance includes a very strong double-digit growth in Q4. In the rest of Asia, sales were down by very strong double-digit in Q4, affected by challenging economic environment and strong promotional pressure.

Second region by weight, which is Americas, and start with North America, so Canada and US, in which Cognac sales were down by mid-single-digit in Q4, impacted by continued destocking efforts and base of comparison and also the Canada impact.

In parallel, depletion remained negative, but showed a sequential improvement in volume, Q4 versus Q3. All along the year, we witnessed that. Mainly driven, and this is very important in terms of ranges, by Rémy 1738 and XO. Depletion variation on VSOP was also quite a positive one because stable versus the previous quarter despite the slowdown of the category. Overall, not yet in a positive lens, but continued ongoing improvement.

Q4 US value depletion were down mid-to high-single-digit, of which down low to mid in volume, a touch better in volume compared to value. 12 months value depletion improved minus 3 points, so we can see that on negative price-mix year-over-year at the end of March, but on a six-year, price mix remain positive plus 9 points.

In Latin America, sales were up by very strong double-digit in Q4, driven by Rémy VSOP and Rémy XO.

Last but not least, EMEA region inside Cognac, sales grew by low-single-digit in Q4. Inside that, we can say that UK and Nordics were up by mid-to high-single-digit in Q4, driven once again by Rémy VSOP and Rémy 1738 with market share and new listing gains.

Europe third-party distributor was up very strong double-digit in Q4, including some positive phasing and calendar effect. AMEI and CIS down by strong double-digit, impacted by high comps in Africa and also especially on cognac, Middle East conflict weighed a bit, while Benelux and France were up very strong double-digit.

Lastly, full-year EMEA value depletion were down mid-to high-single-digit versus last year, but up very strong double-digit in Q4. Overall, an acceleration in the Q4 in term of Cognac depletion.

Digging into Liqueurs & Spirits divisions, slide number seven. Liqueurs & Spirits division reported plus 2.8% organic sales growth in the '25-'26 fiscal year, driven by a solid volume increase of 2.6% and a slightly positive price-mix effect of 0.2%, mostly linked to a positive mix.

End of March, Liqueurs & Spirits accounted for 37% of sales, increasing 1 point versus previous year.

Now, let's review the division performance by region, starting with the biggest one, which is Americas. In Americas, let's start with North America, in which sales were up mid-single-digit in Q4, driven by Cointreau, The Botanist and Bruichladdich.

Q4 US value depletion specifically for Cointreau and The Botanist were up by low single digits. This is positive. It's not only an improvement, it's positive, which is clearly a good performance given the current market. Additionally, the price mix was down 2 points compared to the previous one for the 12 rolling months ending March, but increased by 15 points, so more than the Cognac on a six-year basis.

In Latin America, sales were down for Liqueurs & Spirits division by low double digits, impacted by high base of comparison.

Second region in terms of weight for Liqueurs & Spirits is EMEA, in which sales were down by mid-to high-single-digit in Q4, following a very strong quarter in Q3 due to phasing effect and also promotional activity. Talking about the division again, the flat performance, minus 0.1%, has been driven by this performance of EMEA clearly much more than the other two regions.

Breaking sales down further inside the EMEA. UK and Nordics were up low-to mid-single-digit in Q4, led by Cointreau, Bruichladdich and The Botanist, reflecting also greater pricing agility and new distribution listing. Europe third-party distribution down clearly by mid-teens in Q4. The two negative countries in terms of performance were Germany and Greece. More a lack of promotional space.

Last but not least, Benelux and France up mid-single-digit. This quarter, Benelux and France, even if it is not so big at Group scale, we are highlighting positive performance. We're up mid-single-digit while AMEI and CIS down double-digit. This was sell-in. In parallel, 12 months value depletion were down by low-to mid-single-digit versus last year. So slight increase in inventory Liqueurs & Spirits division in Europe.

In APAC, Liqueurs & Spirits division performance was clearly driven by China, in which sales were up by very strong double digits in Q4, driven by Bruichladdich, number one, and to a lesser extent, Cointreau. Full year value depletion were down by high-single-digit, but basis were unbalanced, so depletion already bigger than sell-in.

Remaining part of Asia was up by low-single-digit in Q4, supported by Japan, mainly Bruichladdich and Cointreau, while Australia and New Zealand continue to face tough economic and geopolitical and market condition.

Last but not least, non-Group brands represent 2% Group sales were stable in ratio year-over-year. They recorded an organic decline of 22%, 22.4%, affected by Benelux and the UK.

Almost finished. Then we'll switch to Q&A. Let's now turn to slide number eight and '25-'26 guidance.

Today, we are reconfirming our operating profit guidance. In a nutshell, we expect an organic COP operating profit to decline between low double-digit and mid-teens, including tariff in the US. In addition to this organic performance, there are also currency effects, and we reconfirm the previous expectation between negative €25 million and €30 million in term of impact.

One final word on our transformation journey, Rémy Cointreau Forward or RC Forward. As mentioned in our last press release, 8th April, the programme is now effectively underway. This plan marks the decisive step forward, aimed at gaining momentum in its market and maximise the potential of our brands. Our objective is to clearly decouple ourselves from economic trends and build, realise and self-help story given the ongoing volatility in the global economic and geopolitical environment.

Through this plan, whose full effect will be delivered over the next three years, our ambition is to generate value in every action, every single action we undertake. It can be in distribution, in the way we invest in A&P or through greater centralisation. Setting clear governance rules also as well between brands, market and corporate function is also a key component of the programme.

We look forward to meeting with you and clearly our CEO, Franck Marilly, on 4th June to share our ambition in terms of value creation of RC Forward.

Thank you for your attention. Now I am happy to answer to your question.

Questions and Answers

Operator: If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. You are kindly asked to limit yourself to two questions only. The next question comes from Richard Withagen from Kepler Cheuvreux. Please go ahead.

Richard Withagen (Kepler Cheuvreux): Yeah. Good morning, Luca Marotta. Good morning, Célia. Two questions from me, please. First of all, you continue to invest in the US and in China in the past year. Is there any reason to change the investment materially as we enter fiscal 2027? Are there any markets where you intend to increase or decrease your investments?

Then the second question is on the announcement from early April, the launch of the transformation plan. You also include some changes in the organisation. The top structure may look a bit complex with the steering committee, some cross-functional roles, etc. How do you make certain that decision-making remains effective and quick, if needed?

Luca Marotta: Thank you for your question. In terms of speed and shift between A&P or global investment, not only A&P, it can be also CAPEX, specific overheads, also revenue growth management. The whole pack in terms of region will be progressively increased in the major pocket of growth. And in China and the US, we still have some deep blue ocean to fulfil and also increasing the support of emerging markets, new ways of building the growth inside new territory. So we need to balance that to fuel a top line, which is a strong part of our future plan, because clearly we need to improve the top line efficiency and productivity to be able to support this increased footprint in A&P.

In terms of choices, this might be more customised with a clear call in terms of brands than in the region. We will clearly, even more than the past, make some prioritisation call in terms of brands, not divisions or entering inside each division, and also ranges allocation. This might be changing, and clearly will be discussed and delivered during the Q&A in the future session because it's part of, not only transformation plan, but also the mid-term plan that, as you know, will be also clearly delivered in November.

I will say, support new region, increase for some deep blue ocean inside US and China, Travel Retail as well, in which we have strong ambition and emerging market, but more twisted, maybe a more opinionated and clear call than before in terms of brand prioritisation.

The organisational change as we made is quite the opposite in our opinion. The way it was working that are behind allows to have a clear call in terms of accountability, focusing region and brands on their core activities and avoiding to think of sometimes back office of accessory activities that are disturbing the attention on the realisation.

So what it seems to your eyes, I get it, an increased complexity. In reality, it is a more clear allocation of where the decisions are taken and the execution and the management or the ownership or the profit and loss, free cash flow, even more importantly before, and balance sheet key element are designed and where they are realised.

To do that, we needed to put them in a clear way. At least this is our will and our goal.

Richard Withagen: Very clear. Thanks, Luca.

Operator: The next question comes from Thomas Hulls from Goldman Sachs. Please go ahead.

Thomas Hulls (Goldman Sachs): Good morning, Luca. Thanks for taking my question. Firstly, you've highlighted the Middle East impact within EMEA alongside weak consumption trends in specific markets driven by the geopolitical context. Could you provide a bit more colour on the size of the impact that you saw throughout the quarter and any of the impacts seen on Travel Retail?

Then secondly, perhaps a question for the full year results in June. But following some of the headlines we've seen related to US tariff reversals, how should we think about the impacts going forward to Rémy and any retrospective adjustments to prior year impacts in the US? Thank you.

Luca Marotta: Thank you so much. So Middle East impact at the full year basis has been not so important. I didn't highlight it as a technical factor because we are talking €1 million or €2 million. I want to be trying to get up with the company consensus on total price, I will have highlighted that as a technical factor. It was not the name of the game. It is marginal.

What is more important is the disruption, not in term of figures, in term of confidence in all the ecosystem of the European level, not only in the specific region that are affected because it's part of the wider geopolitical momentum in which the ongoing uncertainty weigh on the ability to carry a little bit more stock, even if you have some competitors that are improving.

So it's more a disturbing element on the way we are working than in the actual figures. We built the budget just before the war started or the conflict started. We did not adjust that, because at Group level so far, touching woods, is not a major in terms of financial impact. It is more disturbing in terms of the way we operate day to day and clearly reinventing logistically the different routes to market and the way we are refurbishing our key market and key customers.

Travel Retail, we had a good year. We have a strong ambition. Clearly, conflict once again, not only in terms of ability to flight, but also in terms of people working, people being able to spend to have – based on consumption, which is organically growing might be impacted in terms of global attitude. So far, once again, our results are not showing that and, touching woods, we have no technical factor to highlight more global negative cloud in terms of ways of working.

Can you repeat me please your question, the full year consensus? I didn't get if it was a specific one on the US or for more what we are thinking in terms of our full year consensus €25 million in terms of operating profit at company level. So please precise your question, if you may.

Thomas Hulls: Yeah. No, sorry. The second question was related to the US tariff reversals headlines that we've seen. How we should think about that in the context of the Group going forward? And then any retrospective adjustments to impacts from this year?

Luca Marotta: Yes. Technically speaking, I cannot comment specific on the value because it was part of the result, the presentation on 4th June. I will highlight the impact on the specific closing.

So far it is estimated €25 million, €20 for the US and €5 for China. So for price undertaking. What we are expecting in terms of the future? Are we expecting to be reimbursed? So Department of Justice filed a declaration with the Court of International Trade, CIT, on its

proposal for Customs and Border Protection to implement a refund process, and we followed that.

On 20th April, phase one has been followed by our team to begin a call for tariff refunds and as such as our custom broker filed on our behalf what will be expected as a refund in the 60 to 90 days.

News are evolving clearly every day regarding the US tariffs in terms of application, in terms of the ability to get the money back. As such, more pragmatically, we have not yet included any kind of refund in our budget '26-'27, but clearly this is now serious hypothesis all along the Q1 or maybe Q2 when the refund should happen because it is 60 to 90 days, so we are talking between end of June and July. When I see the colour of money, I will react, in a word.

Which tariff should we do expect for '26-'27, which is not a reimbursement, but what we took into account?

Considering to the strong volatility of the environment of the rules also for US tariff, we prefer to adopt a very cautious approach when building the '26-'27 budget, and we do not change it. As such, we forecasted, we include in our expectation, 15% of tariff from Europe and 10% from UK and Barbados, and we did not include any refund.

What does it mean? Refund happening could give us additional means to support the top line journey and the operating profit journey as well, and as well, budget expectation might change according to the change of tariffs, could be positive. If it's 10%, it's positive, can be negative. I don't master that.

I can only be transparent with you and just our expectation. We are clearly calling, at this stage, for a cautious approach because situation is still very complicated and cloudy.

Thomas Hulls: Thank you.

Operator: The next question comes from Trevor Stirling from Bernstein. Please go ahead.

Trevor Stirling (Bernstein): Hi Luca. Hi Célia. Two questions from my end, please. Looking really for a bit more colour on your two key markets, Luca. The first one, in the US, you've seen slightly better trends on 1738 and XO, but does that imply that actually it's your US African American consumer that remains the pain point, and that's where the weakness is?

And the second question then on China, just looking for a little bit more colour on that slightly up depletion trend. Is that excluding the reopening of Chinese duty-free? So that's really the underlying demand you're saying is slightly up?

Luca Marotta: Thank you. I didn't get the sound on the first one. Can you repeat on the US trends?

Trevor Stirling: Certainly, Luca. The US trends, you say that 1738 and XO were doing a bit better than Rémy Martin VSOP. Does that imply that your pain point, the big area of weakness in the US, is your African American lower-income consumer? Is that the big area of weakness in the US in terms of underlying demand?

Luca Marotta: Thank you. No, I don't think so because it's more that VSOP stabilised at an increase, Q4 equal to Q3. So in terms of variation, modification quarter-over-quarter is more skewed to 1738. That was clearly suffering more than VSOP in the short term. We highlighted that for 1738 and XO because they were suffering more than VSOP in the short term. It's not

imply a structural change of the consumption base or the consumer switch eventually. We want to highlight that.

So it's more that after having stabilised VSOP with specific A&P and pricing agility programme, that even if a bit more slowly than expected started to pay, I don't say dividends, but to pay back a bit, and will now stabilise. 1738 and XO, they were a little bit trailing, running behind, recovered in the quarter, and I hope that will continue because they are very important as well.

VSOP, it is the cash cow. The other are clearly even more interesting in term of margin. An acceleration on that can play an additional role in terms of our journey in profitability and in the valorisation on depletion and sell-in as well. That is why I highlighted that because it's a positive twisting point.

It doesn't mean that VSOP is weak. No, it's stable. Does it mean that we lost a part of the consumption base? If I have lost, it's already lost in the last two years. We didn't lost it, additionally.

China, underlying trends. No, it's not only technical. So if you consider overall the facial Chinese New Year, the performance was strongly, strongly positive. I need to adjust that for calendar effect, a bit of duty-free impact which is positive. But stripping out all that remain slightly positive, a touch clearly compared to competitors and market, they were negative.

Without being too positive, because I acknowledge the market is still very complicated, very volatile, very fragile. What do you want? It was not the Chinese New Year of the century, but we add and we gain market share. We were able to realise a better performance than the market and our biggest peer.

Trevor Stirling: Thank you very much.

Luca Marotta: On the underlying was more solid. Which kind of channel is very important. Not only this time direct e-commerce, D2C and B2C and PCD, but also some wholesalers, which is the indirect part, which means slightly, touching woods, a regaining of confidence in terms of the intermediary channel, which is always an important small positive sign.

In terms of ranges, clearly, CLUB has been the king of Chinese New Year for our performance.

Operator: The next question comes from Ashutosh Jain from Barclays. Please go ahead.

Ashutosh Jain (Barclays): Hello. Morning, team. Thank you for taking my question. Just one from me, please. Can you comment on the level of promotional activity you are currently seeing in Cognac, particularly in the US market? And how are you responding to the excess inventory and pricing pressure across the value chain? Specifically, we would be interested in understanding whether introducing lower value or, say, more accessible SKUs in the US is part of the solution? Thank you.

Luca Marotta: Thank you for your question. So small formats and convenient offer are part of our, not solution I will say, offer to the market, take into account a lower level of spending the revenue by the consumer without changing totally the DNA of our spectrum. It is, at this stage, a clear switch, but more for tactical than a definitive ultimate switch. We'll be bigger than before, but we remain in a wait and see attitude to see if we have to go further than we are realised or we need to stop that. So it is an adjustment more than a clear inflection.

In terms of promotional activity, it's still very strong. Some peers stopped to decrease the official list price. So this is a good point. But promotional activity is still very strong. Can we witness that also with the difference discrepancy of performance state by state. The more fierce promotional states witness the highest volatility.

Let's take Illinois. 12 months ago, we realised a very big performance of four or five quarters, and then we have a huge up and down like everybody else. When you have a big volatility in some key states that are affected by fierce promotional activity, it demonstrates that it continues to be there to impact the performance. And in the long-term, need to be stabilised to be able to have on a price offer, which is clearly calling for a consumer habits that more stable than before.

So it has solved the promotional competition environment question? Not at all. Are we reacting in which way to that? In the last 12 months, after two years remaining clearly right in our shoes, we decided it was better to try to step out and to walk a bit, becoming a little bit more flexible. So we increased a bit the promotional activity, and we also right size sometimes the price of some key ranges like VSOP at €49.99 in the major part of our key markets.

Last but not least, depletion footprint in the US is and will be probably also clearly influenced by the change in route-to-market and distribution footprint that we are witnessing, for us are very important, with some distributor gears that are changing, with some switch from RNDC to Reyes, new actors, new ways of working by our peers that will play clearly a role in terms the ecosystem in terms of depletion and retail level.

The positive point seems to be that the new operators are, even if they don't have a very strong experience in Liqueurs & Spirits, they have a lot of financial solidity and robustness. They want to win in this race, and also we think the global market can profit about this additional weapons put on the field.

Ashutosh Jain: Very clear. Thank you so much.

Operator: The next question comes from Tilly Eno from Morgan Stanley. Please go ahead.

Tilly Eno (Morgan Stanley): Hi. Good morning, Luca. Thanks for taking my questions. Just one quick follow-up on China. Obviously, a lot of moving parts with the Chinese New Year timing, but that's slightly up year-on-year. Do you see that as a sort of sustainable, reasonable run rate in China? Or was there any sort of concentration of activity around the Chinese New Year period?

And then just my second question, given the input cost backdrop. Have you seen any impact on your distribution or logistics costs yet? Anything just on how you're thinking about that? Thanks.

Luca Marotta: Thank you. Can you repeat the second one? Backdrop of what?

Tilly Eno: Input cost inflation. So just with the rising energy costs, if you've seen any early impact on distribution or logistics costs?

Luca Marotta: So I start with the second one. Input costs are slightly increasingly clearly because the effect also of the conflict and the global geopolitical situation. So far it remains at a very reasonable level and manageable inside our building blocks and the compounders that we used to define this fiscal year. So the reason why I confirm the guidance and they are not

calling to change the budget footprint. So quite manageable. Yes, some negative, but manageable.

In terms of China, what is underlying, it is something that we can build on quarter-over-quarter. Too early to say. Q1, talking about the short or the short term, clearly it's a small quarter, so we might have in China some volatility, positive, negative. Market is still tough and day-to-day battle. So I'm moderately optimistic, but I cannot grant so far that the positive or underlying change in our performance will be continued all along. Will be part of 4th June discussion because there is a clear hypothesis on which our guidance of '26-'27 will be built.

We will do whatever we can to realise another positive year compared to the market condition. Base of comp in Q1 are quite tougher in China. Remember as well. So moderate optimism.

Tilly Eno: Great. Thank you very much. And could I just squeeze in one more just on EMEA Liqueurs & Spirits? I think you mentioned inventories are slightly higher. Should we expect that to unwind in Q1?

Luca Marotta: Yes, a bit, but it's not high. There was a slight increase. But considering that and some specific country situation, complicated situation in terms of promotional slot, i.e. Germany, might weigh a bit on the Q1. Yes. The answer is yes.

Tilly Eno: Okay. Thank you very much.

Operator: We'll take our last question from the line of Gen Cross of BNP Paribas.

Gen Cross (Exane BNP Paribas): Hi. Good morning, Luca. Just a couple of questions for me. Thank you. The first one is just on the balance of value depletions relative to organic sales that you expect in FY'27. So you've explained the dynamic where you've obviously had growth in your Americas like-for-like sales this year, despite the fact that depletions are negative and inventories have come down, so you've destocked the inventories. Do you expect the next year, the value depletions and like-for-like sales will be more aligned? That's the first question.

And the second question is just on China. I mean, you've already touched on the fact that the market is still quite soft, and you're outperforming quite significantly. Just looking for a little bit more colour and have you seen any change at all in the Chinese market and whether there's been even a modest improvement in consumer confidence? Thank you.

Luca Marotta: Starting with the second one, Chinese market which is not yet stabilised more than it's changing. In terms of all the indicators we have, quantitative and qualitative, are not showing this kind of structural movement. It's more that the market is globally more complex, so we need to focus on a daily battle. I know it's not totally satisfying for you as an answer, because I cannot give you grants positive or negative on the visibility in the next four, six, 10 quarters. It's more quarter-by-quarter, momentum-by-momentum.

In terms of value depletion, let me – sorry, because I hear my voice returning coming back. I have echo. Okay. I need to take two or three minutes because this is very important point and drives yourselves also to '26-'27 in term of simulation or consensus without giving any guidance. Okay, let's start.

On a full-year basis, depletion variation has been, talking about percentage, worse than sell-in. sell-in plus 0.2%, depletion value negative. But basis were non-comparable in absolute value, consider the strongest stocking over the last two years, and we continue to destock. So

if you compare the flows in million euro at the same valorisation by SKUs, apple to apple, we have destocked more or less €35 million to €40 million in the fiscal year '25-'26. The inflow in sell-in was lower than the outflow, mostly driven by the US. This is yearly level.

Now, in a nutshell, the absolute value depletion is bigger than absolute value shipment. That's the reason why, in the future, you don't have to overreact overall if you see a percentage of growth to depletion which is lower than shipment like this year, because that doesn't mean that there is automatic restocking and vice versa.

But what I didn't highlight in the presentation, but it's very important to understand, Q4 dynamics were also giving that, value depletion up low double digits, higher in percentage and absolute value than sell-in, so it's even more healthier. So in Q4, the destocking was very strong as well, even bigger than the destocking €35 million or tier level.

This was mostly driven by China, which is an additional positive health check. Why that? Because the overall year was US, and the short term was China. So the compounders in the short terms, without giving certainty for the future, are going in the right way, mathematically speaking.

Does it mean that I can give you today a guidance? No. But what we can say, it's important for you to also have some strange discussion on 4th June and later on.

Let's talk consensus that you have on Visible Alpha today for instance, for '26-'27. Sales is 4.5%, if I'm not mistaken, and operating profit it is 6.5%, 6.8%, something like that. It is right, is it wrong? As you have understood, my speech was more focused on the short term to the visibility. This is early stage. Too early to discuss about this because we publish our full year result in June, and we'll discuss analytically with Franck Marilly about all that taking into account quantitatively also the RC transformation journey.

But already you can consider the global equation is very complex for next year for everybody, and involves several moving parts, positive and negative.

Let's start with the top line. We have some positive expectation in terms of strong will of growth in terms of sales, depletion and sell-out. So I don't give you numbers, I give you what we highlight, what we are looking for. But at the same time, always in top line, I cannot acknowledge the geopolitical economic context is very uncertain and volatile. So you have strong will, positive economic context, something that I cannot manage 100%, which is negative.

What is the balance between the positive and the negative? This will be condensed, compensated, put together in a recipe and discussed on 4th June. Same thing, even more complicated for operating profit. Several factors should not be under-evaluated because they can have an impact. Impact is not by definition negative. It can be positive and negative.

US tariff. US tariff has two souls. Refunds for '25-'26 may be lower the rate for the compared to budget, but can be also negative because of increase in the rate and no refunds. So I have to cope with that. So far, cautious approach.

Clearly even more complex to analyse today, it is a contribution or RC Forward transformation plan in year one. As we said, we are looking for a lot of clear goals on the span of three years. Year one, it is '25, '26, '27. So it's a matter also of phasing. And this is something which is quantitatively positive, clearly in terms of top line, in terms of return operating profit, but also

on, not in a negative, but in the ways we are operating, learning by doing, coming back to the first question, applying new ways of working between brands, markets and corporate function, because we will behave and we will act and operate in a different manner.

For the company, when you have these kind of changes, there is always some time of adaptation. So I will not tell you if the consensus is the right or wrong. I only give you some food for thoughts to understand that we have a lot of moving parts on the positive in our commitment and on the negative or threat side.

Gen Cross: Thank you, Luca.

Operator: There are no more questions at this time, so I hand the conference back to the speakers for any closing comments.

Luca Marotta: No. Thank you so much for your attention. It was a call highlighting that we realised our guidance. Some of you said there was a small miss. I prefer to highlight that there were three quarter that positive or four in the last fiscal year. So I'm happy also to celebrate a small positive element after three years of negative perception or result, at least in terms of operating profits, because it will be clearly negative this year as part of the guidance.

So let's also what did we realised positively the not half empty but half full glass. We will capitalise on that, and it's very important to have our global discussion with Q&A on the magnitude of the RC transformation plan on 4th June, and what are the implication in the short terms for the guidance '26-'27 in a complicated and unpredictable world.

VUCA continue to be here clearly. So we have to cope with that, all of us. Thank you so much, and have a nice day.

[END OF TRANSCRIPT]