



PRESS RELEASE

LAVAZZA GROUP: A CHALLENGING MACROECONOMIC ENVIRONMENT BUT CONTINUED GROWTH IN LINE WITH CORPORATE STRATEGY.

TURNOVER IN EXCESS OF €3 BILLION IN 2023.

**Board approves the Consolidated Financial Statements as at December 31, 2023;
revenues up 13% on the previous year;
a fall in profitability due to the strong impact of raw material rising costs.**

Turin, March 27, 2024 – The Board of Directors of Lavazza Group has approved the **Consolidated Financial Statements as at December 31, 2023**, and announces the main financial indicators.

"In 2023, the macroeconomic scenario for the industry was extremely complex due to the sharp increase in the cost of the raw material, with prices at record levels for green coffee and Robusta in particular. Nevertheless, we chose to limit price increases on our products to protect consumers, maintaining volumes but sacrificing our profitability. Lavazza Group's robust financial health, however, enabled us to seize major market opportunities and deliver growth through acquisitions, such as the French business MaxiCoffee, achieving record revenues of over three billion euros," said Lavazza Group CEO Antonio Baravalle. "One of our strengths is our ability to diversify, pursuing a growth strategy that gives us a significant presence in various geographical areas and market sectors. We will continue to monitor the international market and look at strategic investments and synergies that can contribute to our long-term development, implementing our competitive capacity and consolidating our presence on global markets."

In 2023, Lavazza Group faced some major challenges: like 2022, 2023 was another year of rising raw coffee costs, particularly for Robusta, which peaked during the year at close to \$3,200/ton and extremely high prices persist.

As expected, the level of inflation in all markets has eroded consumers' purchasing power and continues to do so. This had a significant impact on volumes, **with the coffee market reporting a contraction of about 3% in the period January-December 2023**. Despite these difficulties, the Group wanted to protect consumers by continuing its affordable pricing strategy in order to maintain market penetration and preserve its customer base, while continuing to invest to ensure the business's long-term prospects. This has resulted on one hand on reduced margins, and on the other on an improvement in the Group's performance in both value and volume terms compared to the market, reflected in an **increase of +0.3 points in market share**.

In 2023, the Group reported **Revenues of €3.1 billion**, an increase of 13% on 2022. Contributing to this result was the acquisition of MaxiCoffee, which strengthened the Lavazza Group's international presence.

Turnover recorded stable, continuous growth in both the Home and Out-Of-Home channels, particularly e-commerce, which delivered +28% growth vs 2022.



The **Beans** segment continues to grow and was the most dynamic on the market again this year: taking into account the 15 main geographical regions in which the Group operates, the segment increased +6.6% on 2022, with Lavazza Group gaining market share by delivering **growth of 9.1% compared to 2022**.

In the **Single Serve** (capsules) segment, thanks in particular to completion of the launch of the updated range of *NCC*¹ capsules, the Group saw value growth of **+15.3%** vs 2022, compared to 3% growth for the market as a whole, resulting in a **gain in market share**.

Geographically, Lavazza Group reported sell-out growth by value in the Retail channel in all markets and particularly in the **United States** (+9.8%), **Poland** (+21%) and the **UK** (+8.6%); **Italy** and **France** (the Group's most important markets) also recorded increases of 6.3% and 5.8% respectively.

Group EBITDA stands at €263 million, decreasing from €309 million in 2022, with an **EBITDA margin of 8.6%** compared to 11.4% in 2022. Group strategy was to limit consumer price increases in an inflationary environment, absorbing part of the cost increases within its margins.

EBIT amounted to €97 million, falling from €160 million in 2022.

Net profit totalled €68 million, compared to €95 million last year.

The **net financial position at 2023 year-end was a negative €292 million**, reflecting extraordinary operations and particularly the acquisition of MaxiCoffee completed in 2023.

Lavazza Group has continued to invest to ensure the business's long-term prospects and will continue to do so. A tangible example was the acquisition of MaxiCoffee in France, completed on March 31, 2023, which helped strengthen the company's international presence. The French company targets both private individuals and businesses through the company's e-commerce platform, a network of 60 commercial agencies across France, its *Écoles du Café*, and its concept stores. The platform offers a selection of 8,000 products from over 350 different coffee brands (beans, ground, and capsules), plus a wide range of coffee machines, coffee makers, coffee grinders and accessories. The acquisition of MaxiCoffee was an important milestone for Lavazza Group, which is committed to pursuing growth through strategic investments.

"In 2024, we are addressing the current difficulties while anticipating a return to more favourable conditions, with the primary aim of recovering gross operating margin. This will be helped by the sacrifices made in previous years, our solid consumer and customer base, and a constant focus on financial and operational management,"
added Lavazza Group CEO Antonio Baravalle.

Lavazza regards human capital as the primary resource for the sustainable, long-term development of a Group that is increasingly global, and it will continue to invest in people to foster a positive, productive and inclusive working environment. **In 2023, the Group's employees reached a total of over 5,500 worldwide**, with almost 70% at foreign subsidiaries.

*"With an eye as always to the future, we decided once again to give special consideration to our people, with a significant and broad-based salary review in 2023 in response to inflation, and the **payment of an average performance-based production bonus of over €3,000** to the people in our Italian facilities. We also remain committed to promoting diversity, equity, and inclusion through the **Gap Free** programme: a path of*

¹*NCC: aluminium capsules compatible with Nespresso Original machines (Nespresso Compatible Capsules). Lavazza is neither an affiliate of nor promoted or sponsored by Nespresso.*



cultural transformation, which promotes the value of diversity and equal opportunities for everyone. We believe in the importance of the certifications obtained in this field, as they spur us on to do better and better," commented Group CEO Antonio Baravalle.

The production bonus incentive system is intended not only to recognise professional commitment, but by setting objectives defined on the basis of financial and organisational indicators is also intended as a way to **involve people directly and consciously in the company's medium and long-term strategy**, which we communicate and share in order to create a sense of involvement in achieving our objectives.

So far as concerns DE&I (Diversity, Equity and Inclusion), in 2023 the Group **obtained first level EDGE Certification** (Edge Assess) in Italy. This is fundamental in the first instance to support objective and comparable internal analysis of gender equality at Italian sites, but also to adopt a measurement of internal gender pay gap that is recognised, accurate and replicable in subsidiaries, and lastly to identify the specific areas of intervention that acted as the starting point for the development of a short-to-medium-term action plan on which many of the initiatives implemented in 2023 and planned for 2024 are based. Early in 2024, this was joined by **Gender Equality Certification pursuant to UNI/PdR 125:2022**.

Lavazza Group integrates **ESG principles** into its business model. In June 2024, as it has done in previous years, Lavazza Group will publish the tenth **Sustainability Report** on a voluntary basis, drawn up in compliance with the standards of the Global Reporting Initiative that set out the main international criteria for reporting on sustainability performance, and is audited by an external assurance provider.

2023 saw the official opening in Turin of the first "**Center for Circular Economy in Coffee**", a hub supported by the **Lavazza Foundation** together with a global network of partners, which aims to support and promote the main principles of the circular economy, accelerating the sustainable transition and supporting innovation in the coffee world.

For more information: www.lavazzagroup.com

Lavazza Group

Lavazza, founded in Turin in 1895, has been owned by the Lavazza family for four generations. Today the Group is one of the leading players on the global coffee scene, with a portfolio of top brands that lead their respective markets, such as Lavazza, Carte Noire, Merrild and Kicking Horse. It is active in all business sectors and has operations in 140 markets, with 8 manufacturing plants in 5 countries, with over 5.500 employees worldwide. The Group's global presence is the result of over 125 years of growth and the more than 30 billion cups of Lavazza coffee produced every year are a testament to a remarkable success story, with the goal of continuing to offer the best coffee possible, in all forms, by focusing on every aspect of the supply chain, from the selection of the raw material to the product in the cup.

Lavazza Group has revolutionised coffee culture by investing continuously in research and development: from the intuition that marked the company's earliest success - the coffee blend - to the development of innovative packaging solutions; from the first espresso sipped in Space to the dozens of industrial patents. The ability to be ahead of the times is also reflected in the focus on sustainability - economic, social and environmental - which has always been a benchmark for guiding corporate strategies. "*Awakening a better world every morning*" is the corporate purpose of Lavazza Group, with the aim of creating sustainable value for shareholders, collaborators, consumers and the communities in which it operates, combining competitiveness with social and environmental responsibility.