

Mimizan, 25 September 2023

## 1<sup>st</sup> half results of 2023

At the meeting on 25 September, chaired by Dominique Courière, Gascogne's Board of Directors examined the financial statements for the first-half 2023. The accounts underwent a limited audit by the statutory auditors.

The first half of 2023 was marked by a slowdown in sales momentum after two previous particularly dynamic years in the post-health crisis. In an overall gloomy economic context, demand slowed to a variable extent depending on the market, Wood and Paper Activities being the most affected in the first half. This decline in volume was largely offset by sales prices levels still high, with raw material and energy prices which decreased only marginally, thereby limiting the drop in sales to 3.7%.

EBITDA in the first half of 2023 remained clearly positive at €22.9m, but was down by 23% compared to the first half of 2022, impacted by a lower contribution from the Wood and Paper Activities, while the Sacs and Flexible Activities saw their EBITDA increase slightly.

Nonetheless, it must be recalled that EBITDA was particularly high in the first half of 2022. EBITDA in the first half of 2023 remained almost twice as high as in the first half of the previous 3 financial years:

(in €M)	S1 2023	S1 2022	S1 2021	S1 2020	S1 2019
EBITDA <sup>1</sup>	22,9	29,8	12,9	14,1	11,0

<sup>1</sup> EBITDA : Underlying Operating Profit + net amortization allowances + net operating allowances and depreciation

## Incomes tatement

<i>(in €m)</i>	1 <sup>st</sup> half year 2023	1 <sup>st</sup> half year 2022
<b>Sales</b>	<b>228,4</b>	<b>237,1</b>
<b>EBITDA</b>	<b>22,9</b>	<b>29,8</b>
<b>Underlying operating profit</b>	<b>12,7</b>	<b>20,4</b>
Operating profit	12,6	20,5
Net financial items	-3,2	-0,8
Pre-tax profit	9,4	19,7
<b>Consolidated net profit</b>	<b>8,7</b>	<b>17,8</b>

**Sales** dropped by 3.7% to €228 million in the first half.

**EBITDA** decreased from €29.8 million to €22.9 million, solely attributable to the decline in EBITDA recorded in the Paper and Wood Activities, more sensitive to the economic conditions.

**Underlying operating profit** was down by €7.7 million, reflecting the lower EBITDA and higher depreciation.

**Operating profit** amounted to €12.6 million, compared with €20.5 million in the first half of 2022.

**Net financial items** decreased to €3.2 million due to the increase in interest expense on borrowings as a result of the rise in interest rates, the increase in debt and the deterioration in the foreign exchange result.

**Consolidated net profit** was €8.7 million.

## **Analysis by activity**

<i>en M€</i>	<b>Wood Activity</b>		<b>Paper Activity</b>		<b>Sacks Activity</b>		<b>Flexible Activity</b>	
	2023	2022	2023	2022	2023	2022	2023	2022
Sales	20,1	26,7	64,9	72,5	68,1	69,7	75,2	68,1
EBITDA	0,3	3,8	7,3	11,3	7,2	6,6	7,9	7,7
Underlying operating profit	-1,1	2,9	3,1	7,5	4,9	4,4	6,3	5,9

EBITDA for the **Wood Activity** fell by €3.5 million, slightly above break-even at €0.3 million, resulting from very weak demand for sawn timber, used mainly in the manufacture of pallets.

The **Paper Activity** saw its EBITDA decrease by €4 million as the result of lower absorption of fixed costs, mainly due to production difficulties. The glazed (rubbed?) paper markets are more resilient to the decline in business than the kraft sack paper markets, which is more dependent on consumption.

The **Sacks Activity** performed well in the first half, with EBITDA up on a virtually constant sales basis. The business benefited in particular from the recovery of the Greek sack business following a difficult 2022.

The **Flexible Activity** recorded growth, with business remaining strong in Germany and in France thanks to the diversity of the markets it serves. In particular, the German site continued its recovery, which began in 2021. EBITDA rose slightly to €7.9 million.

## Financial Structure

<b>Balance sheet</b>	<b>1<sup>st</sup> half year 2023</b>	<b>1<sup>st</sup> half year 2022</b>
Shareholders' Equity (€m)	193,6	184,8
Shareholders' Equity per share (€)	8,0	7,6
Net debt (€m)	130,3	105,7
Working capital requirement (€m)	115,9	104,2

<b>Flows</b>	<b>1<sup>st</sup> half year 2023</b>	<b>1<sup>st</sup> half year 2022</b>
Cash flow from operating activities(€m)	8,0	21,9
Cash flow from investing activities (€m)	-28,5	-10,6
Cash flow from financing activities (€m)	8,6	-8,7
Variation in cash flow (€m)	-11,8	2,7

Operating cash flow decreased by €13.9 million, half as a result of lower EBITDA, and the other half due to higher working capital requirements, interest and tax paid.

Cash flows from investing activities rose by €17.9 million, mainly due to advance payments for the for the new paper machine investment project.

Financing flows amounted to €8.6 million, including new bank borrowings amounting to €15.4 million in order to finance the new paper machine and the repayment of various borrowing facilities for €6.8 million.

Cash flow variation was negative at €11.8 million. Cash available on 30 June 2023 was €21.6 million.

Net debt increased by €24.6 million over the half-year to €130.3 million (67% of equity).

## **Outlook for 2<sup>nd</sup> half**

The Group is remaining committed to R&D and new product development efforts, with greater availability of its production facilities for conducting industrial trials. Demand from markets and customers regarding alternatives to petro-sourced materials is still very high, reflecting the Group's recognized expertise in its ability to keep pace with market changes.

Operationally, the Group is making the necessary adjustments to the downturn in business, as it has done to date, while stepping up its sales prospecting efforts in all its businesses.

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### ***Financial Information Officer***

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### **About the Gascogne Group :**

A major player in the French wood industry, the Gascogne group is present at all stages of the forests resources development. Anchored in the heart of the « Landes de Gascogne » forest (in the South West of France), it is one of the main specialists in maritime pine processing, with the particularity of fully integrating the entire wood, paper and converting chain. Thus, Gascogne relies on 4 complementary activities (Wood, Paper, Bags and Flexible) to develop on markets where its know-how positions it among the most recognised in its specialities, such as unbleached Machine Glazed kraft paper, human and animal food sacks, laminate solutions for building insulation, technical wood for the carpentry...

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