Financial
Release

Gascogne

Mimizan March 27th, 2025

2024 annual results

At the meeting on March 27th , 2024, chaired by Dominique Coutière, Gascogne's Board of Directors approved the financial statements for the 2024 fiscal year. The annual and consolidated financial statements were audited. The certification reports will be issued once the procedures required for publication of the annual financial report have been finalised.

The Gascogne Group operated throughout 2024 in an uncertain economic environment, which put pressure on the strength of demand in a context of standardised selling prices.

In this respect, the Group recorded annual sales of €391.2 m, limiting the decline to -4.9% thanks to a strong (+8%) and profitable second half, making it possible to offset the decline in the 1st half (-15%), due in particular to the 2-month shutdown of the paper mill in the 1st half of 2024 and weakness in demand early in the year in the sack activity.

EBITDA came to €28.6m (with €21.2m in the second half alone) compared with €40.0m the previous year. This decline was mainly due to the under-performance of the paper mill (EBITDA at breakeven down by -€13.0 m), penalized by the regulatory shutdown, followed by the ban imposed by the control authority on restarting the oldest MAP3 paper machine (lifted after a few weeks). Other activities showed resiliency overall, particularly the Wood and Flexible activities, which recorded an increase in EBITDA, offsetting the economic downturn in the sacks activity. Gross margins remained fairly stable as a whole and costs were under control.

The paper mill's operational difficulties confirm the necessity of the Group's major investment projects at its Mimizan (Landes) site. The new paper machine, at the cutting-edge of technology, will replace three of the oldest machines. Work is ongoing with the construction of the machine building. The Group expects to start up the new paper machine at the end of 2026 and ramp up production in 2027.

The increased cost of the project (€275 million) led the Group to arrange new financing in 2024, including a €21 million capital increase successfully completed in December 2024.

<u>Incomes statement</u>

in €M	***2024***	***2023***
Sales	**391,2**	**411,2**
EBITDA	**28,6**	**40**
Underlying Operating profit	**6,1**	**18**
Operating profit	4,2	16,4
Net Financial items	- 4,8	-5,7
Pre-tax profit	0,0	10,7
Consolidated net profit	**-0,6**	**9,7**

Sales dropped by 4.9% to €391.2 million

EBITDA[1] decreased from €40.0 million to €28.6 million, penalized almost entirely by strong decline in EBITDA in the Paper activity (-€13.3 m).

Underlying Operating profit was down threefold,, reflecting the decline in EBITDA and the increase in depreciations.
Operating profit amounted to €4.2 m compared with €16.4 m in 2023.

Net financial items was -€4.8m (compared with -€5.7m), mainly due to an improvement in the foreign exchange result.

Consolidated net profit was slightly negative at €0.6m.

Analysis by activity

in €M	**Wood activity**		**Paper activity**		**Sacks activity**		**Flexible activity**	
	2024	***2023***	***2024***	***2023***	***2024***	***2023***	***2024***	***2023***
Sales	41,8	33,3	105,6	119,5	117,6	126,7	126,1	131,7
EBITDA	1,5	-1,7	0,0	13,3	11,2	13,6	14,4	13,8
Underlying Operating profit	-0,9	-4,8	-10,7	4,1	7,5	9,0	10,7	9,7

The Wood activity improved its operating performance, with an increase in EBITDA of €3.2 m, thanks to the rebound in sawn timber sales from March onwards, mainly used in the manufacture of pallets.

[1] EBITDA : Underlying Operating Profit + net amortization allowances + net operating allowances and depreciation

The Paper activity saw its EBITDA decrease by €13.3m due to the regulatory shutdown followed by a ban imposed by the control authority on restarting the oldest MAP3 paper machine (lifted after a few weeks), which caused the loss of almost 2 months' production at the paper mill.

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The Sacks activity saw its EBITDA drop by €2.4 m, due to the decline in business at the Mimizan and the German sites , still penalized by the weakness of their markets (Construction and Chemicals) in the run-up to the 2nd half of 2023. The 3 other sack sites maintained or improved their performance.

The Flexible activity recorded a slight increase in EBITDA, reflecting the strength of both sites, with a significant improved performance in the 2nd half-year, which enabled volumes to rise for the full year.

Financial structure

Balance sheet	***2024***	***2023***
Shareholders' Equity (€m)	214,4	193,2
Shareholders' Equity per share (€m)	5,7	8
Net debt (€m)	169,0	142,2
Working capital requirement (€m)	97,0	101,3

Flow	***2024***	***2023***
Cash flow from operating activities (€m)	21,9	33,7
Cash flow from investing activities (€m)	-58,0	-77,3
Cash flow from financing activities (€m)	94,4	57,3
Variation in cash flow (€m)	58,3	13,7

Operating cash flow was clearly positive at €21.9m, although down €11.8m due to the drop in EBITDA.
Capital expenditure amounted to €58 million, including €44 million for the new paper machine.
Financing flows amounted to €94.4m, including the arrangement of new loans for €101m, the €11m capital increase (gross increase of €21 million net of conversion into capital of the €10 million Attis 2 current account advance provided in 2023), and loan repayments for €20 million.
Variation in Cash flow was positive at €58.3 million. Available cash amounted to 105.1 M€.

Net debt rose by €26.8 million over the year, due to investments in the new paper machine project.

As a reminder, investment in this new machine amounts to €275 million (€113m of which has already been invested by the end of 2024).
The project is funded by various bank loans up to a total of €220 m, with the first repayments scheduled from 2027 and spread over periods of between 5 and 10 years[2]. The balance of €41 m is financed by in equity (reinforced by the €21 m capital increase completed last December) and by a €13.8 m subsidy from ADEME.

[2] Refer to the financial press release dated 10 October 2024

Outlook

Despite an uncertain national and international environment prompted by a changing geopolitical context, the Gascogne Group continues to invest in its production facilities and R&D work.

Adaptation and responsiveness will remain the rule in 2025, considering the lack of visibility often shared by customers. However, the start of the year appears to continue at the same pace as in the second half of 2024, with several positive signals, particularly in some of the Wood, Sacks and Flexible activities. .

The Paper activity, nevertheless remains mainly constrained by its production.

The Group remains attentive to the evolution of raw material prices, transport and energy costs, and continues to control its expenses rigorously in order to optimize its operating profitability.

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Head of Financial Reporting

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About Gascogne :

A major player in France's timber industry, Groupe Gascogne is present at every stage in the development of forest resources. Anchored in the heart of the Landes de Gascogne forest, it is one of the leading specialists in maritime pine processing, with the distinctive feature of fully integrating the entire wood-paper-processing chain. Gascogne relies on 4 complementary activities (Wood, Paper, Bags and Flexible) to develop in markets where its know-how makes it one of the most recognised in its specialities, such as natural kraft friction paper, bags for human and animal consumption, building insulation complexes, carpentry squares... to name but a few.

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