

15 November 2023

## Quadpack's H1 2023 results: solid operational and profitability improvements despite market softness

- H1 2023 revenues €70.1 million, down 5% over previous year (€74 million)
- EBITDA grows 35% to €9.4 million in H1 2023 (13.4% of our revenue vs 9.7% in H1 2022)
- Net results from continued operations €2.3 million, 21% higher than H1 2022
- Strong operating cash flow generation of €6 million vs negative €1 million in H1 2022
- Investment of €1.3 million for new products, manufacturing capacity and digitalisation
- New syndicated loan of €38 million signed with leading international banks
- Net debt reduction of 9% to €40.8 million
- First year roll-out of new business strategy, focused on financial discipline

A substantial rise in profitability and a slight drop in turnover marked the first half-year results of Quadpack Industries (Euronext Growth: ALQP), manufacturer and provider of packaging solutions to the global beauty industry. Revenues of €70.1 million in the first semester of 2023, ending 31 July, were down 5% over the same period the previous year. The drop reflects the softness of the market, in light of geopolitical events and the resulting inflationary pressure, as well as the company's optimisation of its product mix. In spite of these circumstances, strong management focus led to a 35% increase in EBITDA, reaching €9.4 million at the end of the period and generating sufficient cash to reduce net debt by 9%.

The start of 2023 saw the implementation of Quadpack's new business strategy, which builds on its value proposition of being a purpose-driven company, with extensive expertise and a unique product portfolio dedicated to helping beauty brands perform. The strategy prioritises financial discipline and being a high-performance organisation, before moving into an acceleration phase centred around key areas of product innovation, customer experience, manufacturing footprint expansion, strategic partnerships and, in the longer term, the pursuit of new ventures.

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**Financial highlights**

<i>(In € thousands)</i>	H1 2023	H1 2022
Net revenue	70,138	73,937
<i>% Growth</i>	<i>-5.1%</i>	<i>58.4%</i>
EBITDA	9,357	7,244
<i>EBITDA/Revenues %</i>	<i>13.3%</i>	<i>9.8%</i>
Operating result (EBIT)	4,584	3,227
Net result	1,011	1,415
Shares (thousands)	4,381	4,381
<i>Net result per share (in €)</i>	<i>0.23</i>	<i>0.32</i>
<i>Net result per share, diluted (in €)</i>	<i>0.23</i>	<i>0.32</i>
Cash flow from operating activities	6,066	(1,036)
Cash flow from investing activities	(1,316)	(4,408)
Cash flow from financing activities	(8,224)	(3,058)
<i>(In € thousands)</i>	<b>31/07/2023</b>	<b>31/01/2023</b>
Equity, Group share	36,570	35,258
Borrowings and other financial liabilities	49,499	56,794
Available cash & cash equivalents	8,722	11,929
Net debt	40,777	44,865
<i>Ratio of net debt/equity (gearing ratio)</i>	<i>1.12</i>	<i>1.27</i>

**Continued financial discipline**

The financial discipline exercised throughout 2022 continues to be a priority in 2023, with several initiatives underway to ensure sustainable growth. Organisational restructuring saw the company become leaner and more agile, with advances in digitalisation and process improvements resulting in an indirect head count reduction of 10% and generating yearly savings of €1 million.

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A six-year, syndicated loan of €38 million was negotiated with international banks, led by Deutsche Bank, tailored to the new strategy. The deal will allow the Group to simplify its financing structure, accelerating the repayment of the COVID loans contracted in 2020. The arrangement also enables the settlement of the remainder of the former syndicate loan, for the acquisition of German manufacturer Louvrette in 2019, leaving room for CAPEX financing and working capital necessities.

Efforts to streamline Quadpack's European manufacturing capabilities produced the desired results. Quadpack finalised the closure of Quadpack Plastics in Spain, moving assets to its injection-moulding plant in Kierspe, Germany, and other external partners. Recurrent savings of €1 million a year are expected through the optimisation of the Group's manufacturing footprint. An operational excellence programme at the Kierspe plant also doubled the profitability of the factory.

### **Sustainability and innovation**

Quadpack celebrated its first anniversary as a B Corp. As part of a global community, it aims to make a positive impact on society and on the planet. Within the beauty sector, it works with the B Beauty Coalition to improve the industry's social and environmental practices.

New product innovations were brought to market, including a number of monomaterial packaging solutions for makeup and skincare to facilitate recyclability. Quadpack helped clients transform their packaging to sustainable alternatives: for example, German brand Stoertebekker embraced the Sulapac biocomposite material for its new jar, luxury UK brand Epara switched to refillable airless packaging and Danish brand NUORI selected a pack made of recycled PET – all made in Europe.

The Regula Airless Refill pack produced for Epara's Hydrating Crème-Gel was a finalist in the Pure Beauty Awards 2023. Other industry accolades included a PCD Award for the wooden caps produced for Shisiedo's L'Eau d'Issey and VPC Green Beauty Awards for Quadpack Foundation (Best green solidarity initiative – Bronze) and Quadpack's Gala lipgloss (Best sustainable packaging from packaging provider – Bronze).

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### **A challenging market environment**

Geopolitical conflicts, the slow recovery of China and high levels of inflation are delivering shocks to the market. This is affecting consumption and dampening economic growth, while high interest rates are increasing the cost of borrowing. The current situation is causing a softening of the market, which is expected to continue into 2024.

Quadpack CEO Alexandra Chauvigné said: “Our half-year results are extremely encouraging, considering the global challenges we are all facing. We are putting the pieces in place to ensure growth, profit and impact, while meeting our stakeholders’ obligations. Our strategy has sustained us through a period of market volatility, and we are strengthening our foundation before entering a phase of acceleration in 2024. 2023 will be a good year for the global Quadpack team, as we collectively become more efficient, more agile and more proactive in making a positive impact on the world.”

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To see the full report, visit: [www.quadpack.com/investors/investor-information/](http://www.quadpack.com/investors/investor-information/)

Upcoming events: Shareholder call on 5 December 2023.

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### **Further information**

[www.quadpack.com](http://www.quadpack.com)