



Cabka 2024 Half Year: Major improvement in operating margins, but sales behind last year

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PRESS RELEASE

Online investor presentation and Q&A at 10.30 CET on 13 August 2024 via:

https://channel.royalcast.com/landingpage/cabka/20240813_1/

Amsterdam, Netherlands - 13 August 2024 - Cabka N.V. (together with its subsidiaries “Cabka”, or the “Company”), a company specialized in transforming hard to recycle plastic waste into innovative Reusable Transport Packaging (RTP), listed at Euronext Amsterdam, today reports its non-audited 2024 Half Year results.

Highlights 2024 Half Year

- **Sales of € 92.3 million** 11% lower than prior year (2023HY: €104.3 million), fully driven by softer demand and lower prices in Q1, whilst Q2 sales remained stable versus last year. In Europe, Portfolio sales grew at a record of 13%, whilst Customised Solutions increased with 7% YoY. Continued soft market demand in our Contract Manufacturing business, resulted in a decline of €9.4 million (-53%) YoY.

In the US, our Portfolio business grew with 13.8% as a result of our new sales strategy. However, our US Customised Solutions business noted a significant decline of € 10.4 million, where key customers deliberately restricted CAPEX spending.

- **Gross profit from operations** at € 46.6 million (2023HY: € 48.5 million) representing a major improved margin of 4pp to 50.5% over sales compared to last year (2023HY: 46.5%¹).
- **Net result** amounted to € -1.9 million, entirely driven by the lower sales performance in Q1 (2023HY: € 0.8 million)
- **Net Working Capital** in control at € 38.6 million or 20.0% of sales.
- **CAPEX** of € 9.3 million (2023HY: €12.9 million), including maintenance & replacement investments of € 4.6 million, 5% of sales.
- **Raw material intake** amounted to 86%, which is substantially above the average recycling rate for plastic packaging waste in the EU of 41%², and above the overall plastic waste recycling rate of only 14%³
- **Alexander Masharov** appointed CEO at Extraordinary General Meeting of Shareholders on 1 August 2024.

Cabka CEO Alexander Masharov, commented:

“Since my start at Cabka, I’ve seen a company built on a strong foundation with a dedicated team of people that has demonstrated resilience and innovation under challenging market conditions. As 2024 commenced, we anticipated a gradual start, with Q1 sales significantly impacted by the lower demand in some of our end markets and intentional price reductions we implemented in our customer pricing strategy.

Our Q2 sales is in line with our earlier projections, with Quarter-on-Quarter sales showing a recovery of 9%

from the very slow first quarter. Despite our end markets being impacted by persistent inflation and ongoing geopolitical issues, we have seen our order intake progressively increase in most of our strategic segments.

In Europe, our Portfolio business demonstrated record growth of 12.8%, whilst our EU Customized Solutions business remained resilient to market conditions, resulting in 6.6% growth year-on-year. Weak market demand however persisted in our Contract Manufacturing sales segment, with a €9.4 million decline compared to H1 2023.

In North America, our portfolio business performed very well with a notable 13.8% increase as our concerted efforts to win new customer deals started to bear fruits. However, challenging market conditions continue to severely impact our customized solutions segment with key customers not committing to any further capex spend for the time being, resulting in a €10.4 million decline versus H1 2023.

Gross margin significantly improved compared to prior year with 4pp, as we continue to focus on our internal production capacities and strategic cost management across all our segments. Our fixed cost base remained relatively stable, despite inflationary pressure. The lower sales, however, led to a deterioration of our operational EBITDA. Our focus within the organisation will be on additional cost saving initiatives to further enhance our operational efficiencies and boost our sales organisation. Although the half year EBITDA margin of 11.3% is not at our guidance level, we remain confident that our full year margin will recover to the 13-15% range.

Looking ahead for the remainder of the year, we expect customer demand in some of our end markets to remain muted, whilst other segments will continue to grow. As we continue to navigate these challenging market circumstances with agility and resilience, we consider it prudent to adjust our outlook for the year. Therefore, we lower our sales guidance to € 180-185 million, reflecting the slow start of the year.

Together with the leadership team of Cabka, I will revisit our business strategy. We will remain committed to our mission of transforming hard to recycle plastic waste into valuable and innovative RTP solutions. Sustainable growth and value creation will form the foundation of our Strategy 2030, which we intend to share in more detail during our planned Capital Markets Day to be hosted on 25 November 2024 at our Cabka plant in Ieper, Belgium.”

Condensed bridge from operational to IFRS consolidated statement of profit and loss, 2024HY unaudited ⁴

Condensed income statement bridge operations to IFRS4

<i>in € million</i>	2024 HY	2023 HY (restated) ⁵	Change
Revenues	92.3	104.3	-11%
Other operating income items	1.7	0.2	645%
Total Operating Income	94.0	104.5	-10%
Expenses for materials, energy and purchased services	(47.5)	(56.0)	-15%
Gross Profit from operations	46.6	48.5	-4%
Operating expenses	(36.2)	(35.0)	3%
EBITDA from operations	10.4	13.5	-23%

Depreciation, amortization and impairment of intangible and tangible fixed assets	(9.7)	(8.0)	21%
EBIT /Operating Income	0.7	5.5	-87%
Financial results	(2.0)	(1.5)	40%
Earnings before taxes	(1.3)	4.0	-133%
Taxes	(0.6)	(1.0)	-37%
Net income from operations	(1.9)	3.0	-165%
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<i>Non-operational and exceptional items⁶</i>	<i>0.0</i>	<i>(2.2)</i>	
<i>Non-controlling interest</i>	<i>-</i>	<i>-</i>	
Net result reported IFRS	(1.9)	0.8	<i>n.m.</i>

Outlook

Based on the current challenging market conditions, we expect the US customized solutions and contract manufacturing segments to remain under pressure, whilst our other strategic segments continue to perform well. In light of this, we expect sales to be in the range of € 180-185 million, with a recovery in our EBITDA margin towards 13-15%, reflecting an estimated EBITDA range of € 23-27 million.

Share price

On 30 June 2024 the Cabka shares closed at € 3.84.

Cabka share capital per 30 June 2024	30.06.2024	30.06.2023	ISIN
Ordinary Shares issued	24,710,600	24,380,213	CABKA / NL00150000S7
Ordinary Shares in treasury	15,994,378	15,989,978	DSC2S / NL00150002R5
Total Ordinary Shares	40,704,978	40,370,191	
Special Shares	97,778	97,778	
Total shares	40,802,756	40,467,969	

Events after June 30, 2024

On 1 August 2024, an Extraordinary General Meeting of Shareholders confirmed the appointment of Alexander Masharov as Chief Executive Officer and a member of the Management Board, for a term ending directly following the Annual General Meeting in 2028.

Proposed distribution 2023FY

The proposed distribution for Full Year 2023 of € 0.15 per share will be paid on Friday 16 August 2024.

Financial Calendar 2024

- 16 August 2024 Dividend* Payment Date
- 21 October 2024 Trading Update Q3 2024
- 25 November 2024 Capital Markets Day
- 18 March 2025 Publication Preliminary Results 2024

* Reference to 'dividend' refers to proposed distribution

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About Cabka

Cabka is in the business of recycling plastics from post-consumer and post-industrial waste into innovative reusable transport packaging (RTP), like pallets- and large container solutions enhancing logistics chain sustainability. ECO product are mainly construction and road safety products produced exclusively out of post-consumer waste.

Cabka is leading the industry in its integrated approach closing the loop from waste, to recycling, to manufacturing. Backed by its own innovation center it has the rare industry knowledge, capability, and capacity of making maximum use bringing recycled plastics back in the production loop at attractive returns. Cabka is fully equipped to exploit the full value chain from waste to end-products.

Cabka is listed at Euronext Amsterdam as of 1 March 2022 under the CABKA ticker with international securities identification number NL00150000S7.

Disclaimer

All results in the press release are based on regular operations excluding extraordinary items, unless mentioned otherwise. The qualification extraordinary item is a management accounting term to indicate this is not part of regular operations. The financial statements in the appendix are based on IFRS and do not distinguish between operational or extraordinary items. See appendix I. for definitions of operational items by management.

The content of this press release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future

events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth, or strategies.

Readers are cautioned that any forward-looking statements are not guarantees of future performance. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this press release. The Company undertakes no obligation to publicly update or revise the information in this press release, including any forward-looking statements, except as may be required by law.

This document contains information that qualifies as inside information within the meaning of Article 7(1) of Regulation (EU) No 596/2014 on market abuse.

¹ The presentation of the prior year income statement of has been adjusted to reflect the new classification of transportation cost and FX gains and losses. For further information refer to our Half Year Report 2024.

² Packaging waste by waste management company statistics published by eurostat data covering up to 2021.

³ Systemiq April 2022 report Reshaping plastics. Pathway to a circular climate neutral plastics system in Europe

⁴ The condensed income statement provides operational and non-operational result items for insight on underlying operational performance. The statements in the attached Half Year Report 2024 provide integral IFRS statements without this distinction.

⁵ The presentation of the prior year income statement of has been adjusted to reflect the new classification of transportation cost and FX gains and losses. For further information refer to our Half Year Report 2024.

⁶ For more information on the non-operational and exceptional items during the half year, please refer to our Half Year Report 2024

Attachments

- [20240813_Cabka 2024HY results PR v5](#)
- [2024HY Report vdef](#)