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## LOWER RESULTS IN 2022 DUE TO ECONOMIC FACTORS AND EXCEPTIONAL CHARGES

- **Sales of €26.7M (+6%) impacted by sharply fluctuating distributor demand in the Tolling Activity. The Project Business was strong in Europe**
- **EBITDA of €2.9M, down to 10.9% of Sales due to the change in product mix and overall inflation in operating costs**
- **Net income down to €(3.0)M mainly due to the recognition of an impairment loss on the goodwill without impact on cash position of the company.**
- **Net financial debt contained at 26% of equity at 31 December 2022**
- **Expected recovery in the second half of 2023**

*COIL, world leader in aluminium anodising, has released its annual results for the 2022 financial year.*

### ❖ Significant events of the financial year

In a very uncertain macro-economic environment, with the return of high inflation and the outbreak of war in Ukraine and Russia, COIL's activities in 2022 were strongly influenced by volatility in the aluminium flat rolled products business in Europe.

The temporary shortage of metal caused by the post-COVID19 recovery resulted in exceptionally long delivery times from rolling mills, which led distributors to overstock and triggered a very sharp rise in aluminium prices. The aluminium price peaked in Q2. Then, with the reduction in supply times, the price fell very sharply, leading distributors to reduce their stocks to more normal levels.

In this context, the Company's Tolling Sales (77% of 2022 sales) evolved according to the imbalance between supply and demand. After a solid first half (+18.5%), they fell sharply in the second half (-13.2%) due to the full impact of the slowdown in demand from distributors. Over the year as a whole, Tolling Sales nonetheless grew by 2%.

Package Sales, which include metal (23% of 2022 sales), recovered strongly during the year (+19%). This recovery was due to the sustained development of sales in Europe, with significant deliveries, which compensated for the lack of orders in Russia and sluggish invoicing in Asia. The Company expects the Asian markets to recover in 2023 with the reopening of borders and the delivery of several new projects.

The shift in the product mix towards Package Sales and the significant increases in energy and raw material costs significantly impacted the Gross Margin and results, despite price increases implemented by the Company during the year to tackle inflation.

The Company rationalised its resources and consolidated its production on a limited number of lines by focusing its operations on its Landen site in Belgium and its high-efficiency line 6 in Germany.

At the same time, the Company boosted its investments to improve its energy efficiency. In partnership with local renewable energy operators, the Company commissioned a photovoltaic park at its Bernburg site in Germany in October 2022, which provides 20% of the electricity consumed by the site at competitive costs.

## ❖ Results

Sales for the 2022 financial year increased by 6% compared to the previous year and amounted to €26.7M.

Despite the increase in revenue, the EBITDA decreased by - €3.4M to €2.9M, or 10.9% of sales compared to 24.8% in 2021. This change is mainly explained by i) the decrease in gross margin due to the change in the product mix and the strong increase in variable production costs, in particular those related to energy and raw materials, and ii) the increase in operating expenses, in particular, with arise in payroll costs.

Income from ordinary operations is close to break-even at €(0.1)M, compared with a profit of €2.8M in 2021.

Operating profit came to a loss of €(2.6)M. In 2022, it is impacted by non-current charges of €2.5 million due to an unrealized loss on the goodwill of continuous anodising assets. This recognition of the impairment loss is the result of a change in market conditions and the application of certain IFRS accounting standards<sup>1</sup>. It should be noted that this impairment loss does not have any impact on the cash position of the company.

The net result is a loss of €(3.0)M. It includes financial charges of €0.3M, compared with €0.6M in 2021.

## ❖ Summary income statement

(€M)	2022	2021	Variation
<b>Sales</b>	<b>26.7</b>	<b>25.2</b>	<b>+ 6 %</b>
<i>Tolling Sales</i>	20.6	20.1	+ 2 %
<i>Package Sales<sup>2</sup></i>	5.9	5.1	+ 18 %
<b>EBITDA</b>	<b>2.9</b>	<b>6.3</b>	<b>- €3.4 M</b>
<i>% of sales</i>	10.9%	24.8%	
<b>Income from ordinary operations</b>	<b>(0.1)</b>	<b>2.8</b>	<b>- €2.9 M</b>
<i>% of sales</i>	(0.4)%	11.1%	
<b>Operating result</b>	<b>(2.6)</b>	<b>2.8</b>	<b>- €5.4 M</b>
<i>% of sales</i>	(9.9)%	11.1%	
<b>Pre-tax result</b>	<b>(2.9)</b>	<b>2.2</b>	<b>- €5.1 M</b>
<b>Net result</b>	<b>(3.0)</b>	<b>2.1</b>	<b>- €5.0 M</b>
<i>% of sales</i>	(11.2)%	8.1%	

<sup>1</sup> The recognition of this unrealised impairment loss results from the application of the IAS36 standard. This standard prescribes that an entity is obliged to reduce the asset value (in casu, the goodwill value related to the continuous anodising unit) to ensure that the asset is carried at no more than its recoverable amount. Such reduction qualifies as an impairment loss, which does not have any impact on the cash position of the company.

<sup>2</sup> Anodising and metal included.

## ❖ Balance sheet

Shareholders' equity stood at €23.6M at 31 December 2022, down €5.6M on 31 December 2021, owing to the year's loss (-€3.0M) and the interim dividend paid in September 2022 (-€2.8M). Net financial debt at 31 December 2022 was €6.1M (+€2.2M compared to 2021) and remained at acceptable levels, representing 26% of equity, compared to 13% at 31 December 2021.

## ❖ 2023 first-quarter sales and outlook

The first quarter of 2023 followed the trend observed at the end of 2022. Quarterly sales amounted to €6.4M, down 3.2% compared with the first quarter of 2022. Package Sales maintained their growth momentum with sales (€1.7M) up +37.3%, while Tolling Sales continued to suffer from the destocking by metal distributors, particularly against a high comparison base (€4.7M; -12.3%).

In an uncertain global economic environment, COIL maintains a cautious approach to 2023 and anticipates lower demand for tolling services in the first half compared to the previous year, as distributors continue to consume their stocks and stronger competition emerges in the European continuous anodising market.

In the short term, the Company has taken steps to limit the impact of the slowdown on margins in tolling activities by increasing its prices in line with inflation, continuing to optimise its variable cost base and supporting the commercial development of its Package offers.

Energy prices have fallen in 2023, but the outlook remains uncertain. The company's electro-chemical process means a high energy consumption. The Company is looking to render energy prices variable in its tolling business.

The Company continues to seek partnerships to replace its fossil fuel consumption with competitive renewable energy sources, with the aim of achieving carbon neutrality at the Bernburg site. After the commissioning of a photovoltaic park in 2022, the Company is in discussions with a sector operator to purchase green energy for 30% of the energy consumption in Germany. A similar action plan is under consideration in Belgium. These actions will contribute to achieving significant savings in the long term as well as increasing consumption of energy from green resources.

Investments made over the last few years and the flexibility of its industrial plant will enable it to react efficiently to market improvements from the second half of 2023.

In the medium to long term, the Company is confident in its development prospects by capitalising on its broad portfolio of premium, sustainable and low carbon footprint products to increase the potential of its business.

## ❖ Additional information

The financial statements were approved by the Board of Directors on 27 April 2023. They are included in the 2022 consolidated annual accounts available on the Company's financial website (<http://investors.coil.be>).

## ❖ Agenda

- 7 June 2023 Annual General Meeting
- 27 July 2023 First half 2023 sales
- 31 October 2023 First half 2023 results and half-year financial report

## ABOUT COIL

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COIL is the world's leading anodiser in the building and industrial sectors and trades under the ALOXIDE® brand name.

Anodising is an electrochemical process (electrolysis) which develops a natural, protective oxide layer on the surface of aluminium and can be coloured in a range of UV-proof finishes. It gives the metal excellent resistance to corrosion and/or reinforces its functional qualities. Anodising preserves all the natural and ecological properties of aluminium; it retains its high rigidity and excellent strength-to-weight ratio, its non-magnetic properties, its exceptional resistance to corrosion. The metal remains totally and repeatedly recyclable through simple re-melting. Anodised aluminium is used in a wide variety of industries and applications: architecture, design, manufacturing and the automotive sector.

COIL deploys an industrial model that creates value by leveraging its unique know-how, its operational excellence, the quality of its investments and the expertise of its people. COIL has around 120 employees in Belgium and Germany and generated a turnover of €26,5 million in 2022.

Listed on Euronext Growth Paris | Isin: BE0160342011 | Reuters: ALCOI.PA | Bloomberg: ALCOI: FP

For more information, please visit [www.aloxide.com](http://www.aloxide.com)

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