

PRESS RELEASE

Genan Holding A/S
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Solid 2023 accounts from the Genan group following a challenging 2022

World-largest mechanical tyre recycling group, Danish-owned Genan, achieved a turnover of EUR 58.7 million in 2023. Compared to the previous year, this corresponds to a minor, 7% drop. Despite lower sales, EBITDA increased by more than 50% to close to EUR 9.4 million. Operating profits (EBIT) multiplied from just over EUR 750,000 to EUR 3.2 million, while net earnings, negatively impacted by currency exchange rates, increased to EUR 2 million compared to EUR 1.5 million in 2022. The Genan group considers the annual accounts to be satisfactory, expecting a continued, positive development of key financial ratios in 2024.

Back on track

After a challenging 2022, large environmental company Genan is back on track. The position of the company as a pivotal player in the processing of one of the largest waste streams in the world is cemented to a continuously greater extent, and in an increasing number of countries, the need to recycle end-of-life tyres into new raw material is seen as a matter of course.

- There is no doubt that the increasing, global attention to climate change mitigation is grist to our mill. Just a few years ago, we had to explain our business concept and argue its relevance. Today, no one questions whether recycling should be on the agenda, although there are unfortunately still countries, also within the EU, where they prefer to export used tyres to other continents for them to be used in processes which are more or less harmful to the environment, Group CEO of Genan Holding, Poul Steen Rasmussen, explains.

The company is owned by majority shareholders Maj Invest Equity and PKA and runs six plants located in Denmark, Germany, Portugal and the USA. Total, annual production capacity is more than 400,000 tonnes of end-of-life tyres (ELT), and the main raw materials exiting the Genan factories consist of up to 300,000 tonnes of rubber products and 60,000 tonnes of steel.

Satisfactory development

In 2023, the Genan group sold recycled materials for EUR 58.7 million compared to just over EUR 63 million the previous year. This corresponds to a 7% decline and is primarily a consequence of a decreasing steel price level compared to 2022 as well as marginally lower sales of rubber and steel products.

EBITDA, on the other hand, increased by more than 50% from EUR 6.1 million in 2022 to almost EUR 9.4 million in 2023 – thanks to a combination of production optimisations and reduced energy costs. Energy prices fell back from the extreme high in 2022 – but are still heavy, seen in a historic perspective.

At the same time, a larger part of the steadily increasing costs has successfully been transferred to the prices paid for Genan's sustainable products by customers. Accomplishing this has indeed been high priority after the development in 2022. Due to a number of exchange rate fluctuations, net profit did, however, only increase to EUR 2 million compared to EUR 1.5 million in 2022:

- 2022 was an *annus horribilis* for us, due to external challenges of e.g. sky-rocketing energy and freight prices. In 2023, energy prices were still relatively high – but at a completely different level than in 2022. Moreover, we have increased focus on power supply of green energy, while witnessing global freight prices fall, says Poul Steen Rasmussen, describing the development of operating profits as satisfactory.

He also points out other factors which have impacted turnover and earnings. Genan's 2023 price adjustments, made in response to the increasing inflation and the increasing energy prices, have on the one hand had a slightly negative impact on sales – but have on the other hand had a positive effect on earnings. Moreover, according to Poul Steen Rasmussen, the impact of the EU ban which will apply to the use of rubber granulate in artificial turf pitches as of 2031, is already showing on demand for this specific purpose in the European market.

Positive outlook for 2024 and the years to come

Poul Steen Rasmussen emphasises that he, the rest of the management team and Genan's owners all have a positive outlook in respect of both 2024 and the years ahead, and that the company expects to improve both top and bottom line this year.

- We are following a long-term strategy to increase both turnover and earnings while focusing on reducing our climate footprint. The larger we are, the less CO₂ is emitted. Fact is that for each tonne of tyres processed by us, the environment is spared more than 700 kg of CO₂; and with our current production capacity, we can thus spare the planet up to 280,000 tonnes of CO₂ each year. This makes us proud, and we will continue to work determinedly to enhance our position and fight to boost circular economy, Poul Steen Rasmussen concludes.

About Genan Holding A/S

Genan Holding A/S is the parent company of environmental company Genan, the largest, high-technology, mechanical tyre recycler in the world. Sustainability is the core value of the Genan group; and by utilising the resources of vast amounts of end-of-life tyres, Genan helps solve a wide-ranging, global problem. Genan operates a total of six recycling plants in four different countries. The annual production capacity of the company totals more than 400,000 tonnes of tyres; and with continuous optimisation of production and technology, Genan is constantly striving to run all plants, so they are as environmentally friendly and energy-saving as possible.

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