Grafenia plc

Half-year Report

RNS Number : 5915V
Grafenia plc
06 November 2017

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

Grafenia plc
("Grafenia", "the Group" or "the Company")

Unaudited Interim Results for the period ended 30 September 2017

Financial Highlights

	2017	2016
Turnover	**£6.74m**	£5.14m
EBITDA*	**£0.43m**	£0.45m
Operating Loss	**£(0.47)m**	£(0.42)m
Loss before Tax	**£(0.49)m**	£(0.41)m
Tax Income	**£0.10m**	£0.15m
Total Comprehensive (Loss)/income	**£(0.63)m**	£0.06m
EPS **	**(0.86)p**	(0.56)p
Capital Expenditure (excluding acquisition)	**£1.32m**	£0.44m
Net bank (Borrowings)/Cash	**£(0.23)m**	£0.50m
Net (Debt)/Funds***	**£(2.54)m**	£0.20m

*** EBITDA is operating loss plus amortisation and depreciation**
**** EPS - there are no dilutive factors**
***** Net funds is the net of cash and cash equivalents less other interest bearing loans and borrowings**

Operational highlights

- **Nettl UK Web Studio network grows to over 130 locations**
- **First 16 Nettl locations signed in The Netherlands**
- **25 new printing.com locations opened in the first half**
- **Strong pipeline of potential partners**
- **Image Group and ADD Signs acquisitions performing well**
- **New sign and display range launched to network**

- **Growth in 'ink on fabric' displays continues, sales up 75%**

For further information:

Grafenia plc

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Chief Executive's Statement

In the first half of the year, we've continued to make progress in our transformation plan. On the surface, our results don't fully reflect the degree of change we are going through. As promised, my statement is more detailed than in previous years. I'll share more on what we've been doing and what our future plans are, as we move into a new phase, following the acquisition of Image Everything Limited.

Trading Results and Cash

Turnover during the six month period was **£6.74m** (2016: £5.14m), an increase of 31% compared to the corresponding period last year. Part of this increase is attributable to the acquisition of Image Everything on 17th July 2017, part way through the interim period.

Gross margin reduced from 63.0% to **57.5%.** There are two reasons for this. Firstly, margins on transactional print revenues have continued to tighten as we position our offering to remain competitive in the market. Secondly, the manufacture of signage has different margin characteristics to our other revenue lines. As signage becomes a greater part of our product mix following our recent acquisitions, we would expect our overall gross margin percentage to reduce in line with increasing revenues.

EBITDA* was **£0.43m** (2016: £0.45m) and there was an operating loss of **£0.47m** (2016: operating loss £0.42m). We recorded a pre-tax loss of **£0.49m** (2016: £0.41m).

At 30 September 2017, the Company had bank borrowings of **£0.23m** (cash 2016: £0.50m), net debt of £2.54m consisting of £1.14m in vendor loan notes, £1.17m asset finance and £0.23m of borrowings. Our operating activities generated **£0.66m** of cash (2016: £0.30m) and, during the period, working capital decreased by **£0.27m** (increased by 2016: £0.15m).

Capital expenditure other than the Image acquisition, which totalled £2.72m, was **£1.32m** (2016: £0.44m), which includes £0.90m through the sale and leaseback of machinery to partly finance the acquisition. The total also includes £0.35m invested in the ongoing development of our platform which underpins our operations and is licenced to our Partners.

Trading Review

We generate revenue from two main sources: licence fees and the sale of print and signage products we manufacture.

Brand Partner Channels

The first phase of our transformation was to change the relationship we had with Nettl and printing.com partners. We call those our Brand Partners, since our brands are exposed all the way through to the end client.

Both Nettl and printing.com are subscription models. Partners typically pay an initial licence fee of £2k and then a monthly subscription of £299 for printing.com or £399 for Nettl. Licence fees from printing.com and Nettl partners grew to £0.47m (2016: £0.29m).

In the UK and Ireland, we have over 130 Nettl locations (2016: 80) and over 100 printing.com locations (2016: 84). In the interim period we added over 25 new Nettl and another 25 printing.com partners. It's common for printing.com partners to upgrade to Nettl, once they're familiar with our systems and web offering, which explains the count difference.

We continue to find the lifetime value contribution of acquiring new Nettl and printing.com partners to be attractive. During the interim period, we reorganised our sales and support teams to focus their roles. We split them into dedicated acquisition and development teams. We are investing in marketing to attract new partners. We have optimised our acquisition campaign and have a strong pipeline of potential new partners. We remain confident that the UK could support at least 200 Nettl locations.

Nettl partners also sell the printing.com product range. Sales of print and display to our Brand Partners increased to £1.95m (2016: £1.81m).

The divergence of the market

Like many other sectors, we've witnessed a trend of some print orders migrating online. However, the majority of print and display is still sold offline.

Part of the reason for this is that, nearly every print order starts with a graphic design file. Some clients may design themselves. Some might use an online template or editor. Whilst template technology and online design tools have improved, they aren't suitable for everyone or every product. Even for someone who's tech savvy, creating well-crafted design is a skill they may not possess.

The market has diverged. Those that can design themselves are already buying online. We continue to develop our 'upload and print' platform to make that process easier.

However, for those who want to benefit from a graphic professional, we are positioning Nettl to deliver an engaging experience. We believe that we have an opportunity to build Nettl into a national brand, providing local places where business does business. Where we can collaborate on their design ideas and help them navigate their online and offline marketing campaigns. To be places they can browse different options and substrates to inspire. Then use our online tools to nurture the relationship.

Our Nettl Company Studios

The second phase of our transformation plan focused on our Company-owned Nettl studios. These are in London, Birmingham, Dublin and Trafford Park in Manchester.

Our Company studios sell websites and ecommerce solutions, complemented by sales of printing and displays. Our aim is to help local businesses with both their online and offline marketing. Sales of websites through our Company studios increased to £0.10m (2016: £0.07m) and sales of print and display increased to £0.41m (2016: £0.35m).

We refreshed some of the studio teams, installed a new sales culture and have moved the focus to enhancing our customer experience. We think it's important that our Company studios act as beacons of excellence. They are the purest form of the Nettl model and should demonstrate its potential. We expect our studios to be profitable, yet act as places we can test and develop new ideas, before rolling them out to benefit our whole network. We still have work to do. We have plenty of untapped opportunities available locally. We continue to test new client acquisition techniques and invest in marketing.

It's one year since we started our Nettl Business Store experiment in Birmingham. We are pleased with the results so far. We've increased walk-in trade, footfall and business visitors. We've added two new revenue streams from the sale of coffee and meeting room hire. And we've increased revenue and gross margin for both website and print sales.

We consider the economics of owning more Nettl Business Stores to be attractive.

Nettl in The Netherlands

In summer 2017 we began a test to determine whether Nettl could be licenced in The Netherlands. We hired a Dutch native, an innovative character in our sector. We trained him to follow our UK acquisition process. We wanted to award "founder" status to five Dutch graphics businesses and reward these early adopters with introductory pricing on licence fees.

As of today, we have 16 Nettl partners in The Netherlands and we are investing in marketing to maintain a pipeline of potential future partners. Perhaps the Dutch market could accommodate 100 Nettl locations.

We are using our UK-based development team to provide initial training and technical or "geek" support into The Netherlands. We have employed a second Dutch person as a Partner Development Manager and will scale the local team as more partners are introduced.

We plan to use this same model to roll out Nettl networks in other countries. We are prioritising The United States and Germany. Whilst investment is front-loaded, with circa £0.1m expected to be incurred in the second half of the financial year in respect of the Netherlands, we believe payback in under two years could be plausible.

The convergence of the players

I talked earlier about the divergence of retail - the polarisation of online and offline. There's also been a convergence in the graphics sector. Web designers sell printing. Printers sell signs. Sign companies do graphic design. Graphic designers sell exhibition displays.

As the demand for traditional print has declined, graphic businesses have consolidated and converged. We believe the reason for this convergence is partly client-led. They want a single creative relationship. They want the same designer to look after their branding across online, digital, print and signage.

Our business has always sold products across design, print and display.

Last year, we said that we planned to make acquisitions in the signage sector. We find this sector interesting. It is highly fragmented. It has been growing and growth is forecast to continue. And there is a natural fit with our business. By their nature, some products and services are best delivered with local manufacturing and installation. Those complement the Nettl proposition.

As the industry is fairly mature, there are multiple acquisition opportunities. We mainly see two types of business.

In the first, the owner wants to retire, maybe hasn't made a succession plan and is looking for a trade sale. We are frequently offered these kind of opportunities by business brokers.

In the second, the owner retired in the recent past and transferred the business to an employee, sometimes on extended deferred payment terms. Often they've grown the business but are looking for support to grow further. We sometimes meet these businesses as they explore adding printing.com or Nettl, or diversifying into fabric displays with Marqetspace.

Both of those opportunities are interesting to us. Our plan is to pair together two businesses, combine their teams and premises and then convert to a Nettl Business Store. We expect one owner to exit and one to remain to manage the enlarged operation.

Our first signs acquisition

In January 2017, we acquired ADD Signs, our first foray into this sector. We'd been clients of this business for a few years. The owner had previously bought the business from the retiring founder.

We are pleased with how ADD has integrated into Grafenia. With the admin burden and constraints of running a small business removed, the team have grown revenues in the nine months since joining the group, from an average monthly rate of £27k to over £40k. We've sold Grafenia-produced product to their client base and ADD have manufactured and installed some sign projects for local partners and our Company Studios.

We believe an enterprise multiple of up to 4x is appropriate for businesses of this nature. By that I mean EV/EBIT where EV is the equity value (i.e. consideration for the shares) plus debt, or less any cash, in the business and EBIT is the normalised profit before tax we would expect to generate from the business under our ownership. This first acquisition was in that range.

The next part of our plan for ADD is to relocate the business to a new 'trade counter' type unit and rebrand it as Nettl. We're currently completing legals and plan to open in Q4 of this financial year.

Image Everything

In July 2017 we completed our second acquisition, Image Everything Limited, who trade as Image Group ("IG"). With 41 employees and turnover of £5.5m for the year ended 31st May 2017, this was a much larger acquisition than the first.

We had expected that once we had acquired a few sign companies, it would make sense to centralise some manufacturing. We liked both the IG business and their people, so we decided to bring forward our plan for a central sign and display hub. This acquisition also fitted our valuation range and was funded in part by asset finance and vendor loan notes.

IG manufacture a range of sign and display products and services. Some are bespoke projects and some are standardised products. We've merchandised some of IG's range of printed rigid substrates, like foamex, dibond and correx displays. These are now being sold via our Brand Partners and feature alongside our other ranges in marketing campaigns.

Neil and Dave from IG joined us on a road trip of 'town hall' regional meetings. They got to meet 150 of our Brand Partners face-to-face, share the IG story and show off the new range. We think it's important that there's a common understanding of why we're making these acquisitions, how they impact our partners and what the opportunities are. In a digital world, sometimes there's still nothing better than having a chat over a cold drink and a handful of high calorie snacks.

There was a small overlap in products we both manufactured. We've relocated our existing large format poster department to IG's premises and consolidated the teams.

As we add each new business to the Grafenia family, we have the opportunity to review procurement. We're seeing options to combine our volumes to improve purchasing across the group.

Our roadmap for the second half includes making more of IG's product range available to our network and hooking in nationwide graphic installation services.

Acquiring other businesses

We've looked at plenty of other sign businesses so far. There doesn't appear to be a shortage of opportunities and we have diverted resource to refine our evaluation process. We expect to make further acquisitions which meet our valuation criteria.

We have chosen not to proceed in cases where there doesn't appear to be a cultural fit or where we aren't able to reach agreement that meets our valuation metrics.

As well as combining sign businesses together, it's possible we may roll in an existing Nettl studio, to create an out-of-town Nettl Business Store. However our approach is to evaluate each opportunity on its own merits, and then to work out how teams may interact.

Growth of fabric

In 2015 we invested in technology to diversify into digital textiles, or 'ink on fabric' printing. This was an emerging part of the display market which was forecast to grow. It did.

In the first half, sales of our ink on fabric range grew by 75%. We've continued to develop our display and business furniture range, including the launch of an outdoor summer collection featuring custom printed deckchairs, parasols, gazebos and cafe barriers. We anticipate further growth in this area and in the second half, we'll complete the installation of a second direct-to-fabric printer. We need this for future capacity as well as contingency.

Trade and online Channels

We sell ink on fabric, display and print products to professional trade buyers, predominantly via Marqetspace.com. We do this for two reasons. Firstly, to maximise capacity utilisation of our printing hub. Secondly, and more importantly, to build relationships with graphic professionals who we aim to convert to Brand Partners. We call that our 'funnel'.

Transactional print revenues through our trade and online channels were **£1.68m** (2016: £2.11m). Some of our top performing Marqetspace clients have converted to Brand Partners and we've diverted some people resource to develop and support Brand Partners.

Dividend

The Directors are not declaring an Interim Dividend (2016: Nil).

Outlook

As our industry continues to go through systemic changes, we continue to execute our transformation plan. We are gradually shifting our reliance on transactional print volumes. When we sell to the trade, we are invariably at the 'end of the chain' in the transaction.

Our aim is to be at the front of that chain as much as possible. To influence a client's choice on how to promote themselves. To achieve that, we want more Nettl and printing.com branded locations, where our marketing reaches the end client, inspires them and aids their decision making. We want to do that via like-minded partners and by scaling our Company studios.

Whilst our underlying business is currently performing to market expectations, as noted above we have front-loaded expenses with our launch of Nettl into The Netherlands to capitalise on the opportunity there. Most of these costs will be incurred in the second half and will impact full year earnings.

Peter Gunning
Chief Executive Officer
6 November 2017

Unaudited Interim Results for the period ended 30 September 2017

Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2017

Continuing Operations	Note	**Unaudited Period ended 30September 2017 £000**	Unaudited Period ended 30 September 2016 £000	Year ended 31 March 2017 £000
Revenue	3	**6,738**	5,136	10,445
Raw materials and consumables used		**(2,861)**	(1,900)	(3,860)
Gross profit		**3,877**	3,236	6,585
Staff costs		**(2,067)**	(1,825)	(3,716)
Other operating charges		**(1,383)**	(921)	(2,049)
Restructuring - (41) (57) costs		**-**	(41)	(57)
EBITDA		**427**	449	763
Depreciation and amortisation		**(892)**	(867)	(1,746)
Operating loss		**(465)**	(418)	(983)
Exceptional gain		**18**	-	-
Financial income		**-**	24	17
Financial expenses		**(40)**	(11)	(21)
Net financing (expense) / income		**(40)**	13	(4)
Loss before tax		**(487)**	(405)	(987)
Taxation	4	**97**	150	362
Loss for the period		**(390)**	(255)	(625)
Total comprehensive expense for the period		**(390)**	(255)	(625)
EPS - Continuing Operations	5	**(0.86)p**	(0.56)p	(1.37)p
EPS - Total (1)	5	**(0.86)p**	(0.56)p	(1.37)p

(1) Earnings per share suffers no dilution

Consolidated Statement of Financial Position at 30 September 2017

	Unaudited 30 September 2017 £000	Unaudited 30 September 2016 £000	31 March 2017 £000
Non-current assets			
Property, plant and equipment	**1,897**	1,411	1,333
Intangible assets	**4,691**	2,568	2,305
Other receivables	**63**	78	50
Total non-current assets	**6,651**	4,057	3,688
Current assets			
Inventories	**439**	339	369

Trade and other receivables	**3,331**	2,695	2,386
Current tax receivable	**191**	-	138
Cash and cash equivalents	**-**	495	524
Total current assets	**3,961**	3,529	3,417
Total assets	**10,612**	7,586	7,105
Current liabilities			
Other interest-bearing loans and borrowings	**(1,101)**	(68)	(83)
Trade and other payables	**(1,550)**	(1,277)	(1,370)
Accruals and deferred income	**(963)**	(491)	(389)
Other liabilities	**(268)**	(100)	(118)
Total current liabilities	**(3,882)**	(1,936)	(1,960)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(2,241)**	(230)	(216)
Deferred tax liabilities	**(267)**	(437)	(316)
Total non-current liabilities	**(2,508)**	(667)	(532)
Total liabilities	**(6,390)**	(2,603)	(2,492)
Net assets	**4,222**	4,983	4,613
Equity			
Share capital	**475**	475	475
Merger reserve	**838**	838	838
Retained earnings	**3,170**	3,931	3,561
Treasury Shares	**(261)**	(261)	(261)
Total equity	**4,222**	4,983	4,613

Consolidated Statement of Changes in Shareholders Equity for the six months ended 30 September 2017 (unaudited)

	Share Capital	Merger Reserve	Treasury Shares	Retained earnings	Total
	£000	£000	£000	£000	£000
Opening shareholders' funds at 1 April 2016	475	838	(237)	4,186	5,262
Loss for the period	-	-	-	(255)	(255)
Own shares acquired	-	-	(24)	-	(24)
Closing shareholders' funds at 30 September 2016	**475**	**838**	**(261)**	**3,931**	**4,983**
Opening shareholders' funds at 1 October 2016	475	838	(261)	3,931	4,983
Profit for the period	-	-	-	(370)	(370)
Closing shareholders' funds at 31 March 2017	**475**	**838**	**(261)**	**3,561**	**4,613**

Opening shareholders' funds at 1 April 2017	475	838	(261)	3,561	4,613
Loss for the period	-	-	-	(390)	(390)
Exchange difference	-	-	-	(1)	(1)
Closing shareholders' funds at 30 September 2017	**475**	**838**	**(261)**	**3,170**	**4,222**

Consolidated Statement of Cash Flows
for the six months ended 30 September 2017

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Year ended 31 March 2017 £000
Cash flows from operating activities			
Loss for the period	**(390)**	(255)	(625)
Adjustments for:			
Depreciation, amortisation and impairment	**892**	867	1,746
Profit on sale of plant and equipment	**(18)**	-	-
Net finance expense/(income)	**37**	(13)	4
Exchange loss	**3**	22	14
Taxation	**(97)**	(150)	(362)
Operating cash flow before changes in working capital and provisions	**427**	471	777
Change in trade and other receivables	**(474)**	174	235
Change in inventories	**(70)**	(23)	(45)
Change in trade and other payables	**816**	(302)	(361)
Cash generated from operations	**699**	320	606
Interest paid	**(40)**	(11)	(21)
Tax (paid)/received	**(4)**	(6)	259
Net cash inflow from operating activities	**655**	303	844
Cash flows from investing activities			
Interest received	**-**	2	3
Proceeds from sale of plant and equipment	**900**	-	-
Acquisition of subsidiary net of cash	**(2,391)**	-	(26)
Acquisition of plant and equipment	**(1,299)**	(83)	(119)
Capitalised development expenditure	**(226)**	(186)	(442)
Acquisition of other intangible assets	**(125)**	(169)	(327)
Net cash used in investing activities	**(3,141)**	(436)	(911)
Cash flows from financing activities			
Proceeds from issue of loan notes	**1,145**	-	-
Proceeds from finance leases	**900**	-	-
Payment of supplier finance	**(295)**	(32)	(40)
Own shares acquired	**-**	(24)	(24)
Net cash inflow/(outflow) from financing activities	**1,750**	(56)	(93)
Net decrease in cash and cash equivalents	**(736)**	(189)	(160)

Exchange diff on cash and cash equivalents	**1**	(2)	(2)
Cash and cash equivalents at start of period	**524**	686	686
Cash and cash equivalents at end of period	**(211)**	495	524

Notes

(forming part of the interim financial statements)

1 Basis of preparation

Grafenia plc (the "Company") is a company incorporated and domiciled in the UK.

These financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 March 2017.

The comparative figures for the year ended 31 March 2017 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Directors review a two year forecast when approving the interim financial statements to ensure that adequate cash resources are in operational existence to support trading for the foreseeable future.

These condensed consolidated interim financial statements were approved by the Board of Directors on 6 November 2017.

2 Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 March 2017 save for the Segmental Analysis by type which now includes Signs.

3 Segmental information

The Company's primary operating segments are geographic being UK & Ireland, Europe and others. The secondary segmental analysis is by nature of sales Channel and service.

This disclosure correlates with the information which is presented to the Chief Operating Decision Maker, the Chief Executive (CEO), who reviews revenue (which is considered to be the primary growth indicator) by segment. The Company's costs, finance income, tax charges, non-current liabilities, net assets and capital expenditure are only reviewed by the CEO at a consolidated level and therefore have not been allocated between segments.

Analysis by location of sales

Period ended 30 September 2017	UK & Ireland	Europe	Other	Total
	£000	£000	£000	£000
Segment Revenues	**6,339**	**217**	**182**	**6,738**

Analysis by location of sales

Period ended 30 September 2016	UK & Ireland	Europe	Other	Total
	£000	£000	£000	£000
Segment Revenues	4,752	207	177	5,136

Analysis by type

Period ended 30 September 2017	**Licence Fees**	**CompanyStudios**	**Brand Partners**	**Signs**	**Online & Trade**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Segment Revenues	**929**	**505**	**1,950**	**1,675**	**1,679**	**6,738**

Period ended 30 September 2016	Licence Fees	Company Studios	Brand Partners	Signs	Online & Trade	Total
	£000	£000	£000	£000	£000	£000
Segment Revenues	792	419	1,812	-	2,113	5,136

The comparator segment revenue categories have been restated to the format of the current year presentation.

4 Taxation

The tax charge is based on the base tax rate of 18% (six month period ended 30 September 2016: 20%, year to 31 March 2017 18%) adjusted for UK R&D Tax claims for the 2017 year.

5 Earnings per share

The calculation of the basic earnings per share is based on the loss after taxation divided by the weighted average number of shares in issue, being 45,407,835 (period ended 30 September 2016 45,593,934; year ended 31 March 2017: 45,500,884).

Share options had no dilutive effect on the weighted average number of shares and therefore no diluted earnings per share have been stated.

6 Acquisitions of subsidiaries

Acquisitions in the current period

On 14 July 2017, the Company acquired all of the ordinary shares in Image Everything Limited (Image) for a consideration of £2.76m, satisfied in cash and vendor loan notes. The company is a leading large format sign manufacturer and exhibition contractor.
The acquisition of Image, given its size, is a significant further step in our sign roll-up strategy. It enables us to scale our business more quickly through extending the range of signage services we sell through our Nettl and printing.com networks. We want to help clients fulfil more of their display, exhibition and signage needs.

In the three months to the period end the subsidiary contributed an operating profit of £180,000 to the consolidated result for the year. If the acquisition had occurred on 1st April 2017 Group revenue would have been £1,330,000 higher and an estimated net profit of £131,000 would have been added to Group results. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of accounting period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book and Fair values on acquisition	Intangibles acquired	Total assets and liabilities
	£000	£000	£000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	320	-	320
Intangible assets	-	2,639	2,639
Inventories	70	-	70
Trade and other receivables	674	-	674
Cash and cash equivalents	(38)	-	(38)
Interest-bearing loans and borrowings	(284)	-	(284)
Trade and other payables	(621)	-	(621)
Net identifiable assets and liabilities	121	2,639	2,760
Consideration paid:			
Initial cash price paid			1,150
Vendor Loan Notes			1,250
Deferred consideration at fair value			360
Total consideration			2,760

Intangibles acquired include the Customer Base, Brand Recognition and Goodwill arising on the acquisition and recognising the value placed upon acquired customer revenues.

The initial consideration, paid on completion, comprises cash of £1.15m, together with vendor loan notes of £1.25m (together the "Initial Consideration"). A further £0.36m has been recognised in respect of a contingent amount of £0.6m achieveable if certain targetsare met relating to the future financial performance of Image (the "Earn-out").

The Company's half yearly report will shortly be sent to shareholders and will be available on the Company's website www.grafenia.com.

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