

**Grafenia plc**

## **AGM Trading Statement and Acquisition Update**

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Grafenia plc  
22 September 2020

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

### **AGM Trading Statement and Acquisition Update**

Grafenia plc (AIM: GRA), provides the following trading update prior to its Annual General Meeting (AGM) to be held at 9.00am today. Following Government restrictions on group gatherings, shareholders will not be permitted to attend the meeting in person but may join virtually.

#### **Trading update**

Since the announcement of our Final Results (year ended 31 March 2020) on 12 August 2020, trading has not yet returned to historic levels. Like July, sales in August were around 70% of the same period last year. September is usually buoyed by events, exhibitions and the run up to Christmas. But social distancing restrictions are preventing any events from taking place. Whilst September is so far performing better than August, we still expect it to end around 70-75% of last year.

Each segment of our diverse product range has been impacted differently. Signage and point-of-sale has been reasonably resilient, particularly with new social distancing products. Sales of websites and search engine optimisation packages have increased compared to last year. However, that growth hasn't offset lower volumes in other areas, like litho printing.

#### **Restructuring**

Given the reduction in sales volumes, regrettably, we began a restructuring programme in August. Wherever possible, we are retraining team members to reduce reliance on outsourced contractors and upskill them in segments where we expect growth. However, when the restructuring is complete, we anticipate an annualised reduction in people costs of around £0.9m.

#### **Nettl Academy Scholarships**

Like many sectors, print and design has been severely impacted by the pandemic. As the furlough scheme comes to an end, redundancies are expected to increase. Since the start of

the pandemic, we've moved all of our training sessions online. In September 2020, we launched the Nettl Academy Scholarship scheme. We want to help graphic designers and sales people from inside and outside our network, to develop new skills. During the scholarship they'll use the Nettl toolkit to generate income for themselves by building ecommerce sites and websites for businesses in their local communities. Our hope is that we can help talented entrepreneurs to start their own businesses and potentially be future Nettl partners. People can apply at <https://www.nettlacademy.com/scholarship/>

### **Roll-in Acquisitions**

As set out in our Final Results announcement, we recently refreshed our acquisition strategy marketing and adjusted our deal structure approach to roll up the signs sector. In September we rolled an existing Nettl partner into our Dublin company store. We plan to use this platform to develop our presence in Ireland. We expect further roll-ins in the second half.

### **Nettl Works Makers**

We have extended the range of printed and promotional items we sold through our network. Our partners are sourcing niche products every week and we want to make it easier to find interesting ways for clients to promote themselves. We invited third party manufacturers to become Nettl Works Makers, to have their products sold on our websites and through our platform. So far 20 Works Makers have listed over 100 new product categories, from personalised luggage to air fresheners. Printed electronic gifts and custom apparel. Lanyards and packaging. We're inviting more manufacturers to sign up at [www.nettl.works](http://www.nettl.works)

### **Outlook**

It remains difficult to have visibility on how the economy will behave as government support schemes are withdrawn and restrictions on group gatherings remain. Our clients come from all sectors. Some have been positively affected, others not. We have taken action to reset our cost base to reflect the lower level of revenue the Company is generating currently. However, we remain focused on delivering our plan for transformational growth and achieving our mid-term goal of 10-15% EBITDA.

For further information:

Grafenia plc

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