

Grafenia plc

AGM Trading StatementRNS Number : 7784L
Grafenia plc
15 September 2021

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**Grafenia plc
("Grafenia", the "Group" or "Company")****AGM Trading Statement**

The Annual General Meeting of Grafenia plc (AIM: GRA) will take place today at 10.00am and, in advance of that, the Company issues the following trading statement. UK Government guidance presently remains that Coronavirus cases are high and rising and everybody needs to continue to act carefully and remain cautious. In light of the continued risk to staff and shareholders, we took the decision to encourage shareholders not to travel and attend the AGM in person and to submit proxy votes in advance. An online presentation will follow the meeting at 10.30am.

Trading update

Since the announcement of our Final Results (year ended 31 March 2021) on 28 July 2021, we're pleased to announce trading has continued to improve. In August, we recorded our highest sales since November 2019. For the five months from April to August, total revenue was 20% higher than the same period last year.

In our Annual Report, we discussed the impact of cancelled events and exhibitions. As Government restrictions have been lifted, each new round of easing has resulted in increased business activity. We have a diverse range of products and services, covering most of what a modern business needs to market themselves. Last year, some segments were affected more severely than others. Before the pandemic, margins were eroding on traditional litho print and we have been gradually reducing our reliance on those sales. Litho was hardest hit in the pandemic and now represents around a quarter of our total revenue. However, since the start of the new financial year, we've seen growth across all product segments, even in litho print.

We have been adding new product categories across packaging, apparel and promotional gifts and giveaways. These niche products are predominantly manufactured by third party Works Makers, which is integrated in our supply chain. They extend the range of things our Nettl and printing.com partners can say yes to. We invite specialist producers of personalised items to register free at www.nettl.works.

Our platform

Since the start of the year, we've continued to add new Nettl partners in the UK and US. We're making good progress on our digital transformation project, to enable partners to sell complex sign and display projects. We call these 'Plans'. We're rolling out a new tool to enable partners to build beautiful Proposals to share with clients. They can quickly edit a pre-written model proposal and pull in detailed Plan sections automatically. It's easy to visually add print and standard products from our catalogue, as well as their own in-house items. Partners simply share a secure link and clients can accept and pay online. Our aim is to equip our partners with the tools they'll need in the studio of tomorrow and to work in a way that extends their capabilities.

Software Circle

In our Final Results, we discussed a shift in focus of our acquisition strategy. We are now searching for software businesses to bring into the Group. During the summer we ran an internship programme for MBA students of Entrepreneurship by Acquisition in conjunction with London Business School. These interns became fellows of "Software Circle", our outreach and direct approach programme.

We are pleased with the calibre of the intern 'searchers' and quality of opportunities and have a number of ongoing discussions with owners of software businesses. Of course, a deal isn't a deal until it's signed, yet we feel confident that we are on the right track.

Outlook

Autumn usually displays strong seasonality. Last year the second wave of Coronavirus began to adversely affect business activity. What will this year bring? Difficult to say. There go we, but for the grace of Government rules. That said, we're a leaner business than we were going into the pandemic. Our break-even point is lower. Modest increases in revenue improve our profitability. Like many businesses, we're seeing inflationary pressures on material, energy and distribution costs. Nevertheless, we remain focused on achieving our mid-term goal of 10-15% EBITDA. We're encouraged that our most recent trading month was around that range.

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