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Oggetto : Grifal Approved Consolidated Annual
Financial Report 2022. Revenues 36.9
Million (+41% vs 2021) EBITDA 4.4 Million
(+108% vs 2021)

Testo del comunicato

Vedi allegato.

Press Release

Grifal Spa: Board of Directors Approves Consolidated Annual Financial Report as of December 31, 2022.

Revenues of EUR 36.9 Million (+41% vs 2021)

EBITDA of EUR 4.4 Million (+108% vs 2021)

Revenues amounting to EUR 36,875,510 (EUR 26,065,177 as of December 31, 2021)

Value of Production EUR 41,422,114 (EUR 30,748,848 as of December 31, 2021)

EBITDA amounting to EUR 4,372,741 (EUR 2,106,182 as of December 31, 2021)

EBIT amounting to EUR 1,305,382 (EUR -715,302 as of December 31, 2021)

Net result amounting to EUR 432,047 (EUR -836,502 as of December 31, 2021)

Negative net financial position (net debt) of EUR 18,865,018 (EUR 17,960,126 as of June 30, 2022)

Net equity amounting to EUR 17,696,371 (EUR 16,681,619 as of December 31, 2021)

Cologno al Serio (BG), 28 March 2023

The Board of Directors of Grifal Spa, a technology company and innovative SME listed on the Euronext Growth Milan market, a multilateral trading system organized and managed by Borsa Italiana S.p.A, leading a group active in the industrial packaging market since 1969, approved today the Consolidated Annual Financial Report of the Group as of December 31, 2022. The parent company Grifal S.p.a.'s financial statements as of December 31, 2022, were also approved.

On the sidelines of the meeting, the President and CEO of Grifal S.p.a., Fabio Gritti, commented:

"2022 has been an extraordinary year for our Group, and the numbers confirm what all our collaborators and partners were hoping for. The market recognizes and rewards the qualities of our products: attention to the environment, sustainability, innovative techniques, and flexibility, values that allow us not only to maintain our competitiveness but even gain market share in a complex period like the one we are experiencing in Europe. The significant growth rate, both in volumes and profitability, confirms the soundness of our strategic choices, among which I would like to mention the very low energy impact in the transformation of our flagship product, cArtù®. This has allowed us to overcome the significant increase in energy costs without particular difficulties, giving us a further competitive advantage over other market players. We have also entered into agreements useful for the development of a European network of production sites dedicated in particular to the production of cArtù®, a project that began in 2022 with the increase and subsequent optimization of production at the unit located in Romania and materialized at the beginning of 2023 with the establishment of Seven cArtù Lda, a company jointly owned with our Portuguese partners of the José Neves Group. During 2022, we also completed the expansion of the Cologno al Serio site, which will allow us to further increase our production capacity in 2023 and meet the growing supply demands from the market."

Key Consolidated Financial Data as of December 31, 2022

The financial year 2022 concluded with **Consolidated Revenues of €36,875,510**, representing a further growth of 41% compared to the corresponding period in 2021 (€26,065,177), particularly driven by cArtù®, the innovative eco-sustainable corrugated cardboard, whose sales increased from €6.2 million to €12.2 million, now accounting for approximately one-third of the Group's consolidated revenues.

The rise in the cost of production factors, which began in the previous year, was addressed by the Group by gradually passing on these increases downstream starting from the early months of 2022. This choice was also facilitated by the limited impact resulting from the pressure on energy prices. In fact, unlike traditional corrugated cardboard production, which uses steam and energy-intensive drying systems, cArtù® production requires a limited amount of energy, which, even at current prices, accounts for less than 2% of the company's turnover.

Thanks to the favorable combination of these factors, the **Group's EBITDA reached €4,372,741**, more than double (+108%) compared to €2,106,182 as of December 31, 2021, with an **EBITDA Margin of 11.9%**, a 47% increase compared to 8.1% as of December 31, 2021.

The Group's depreciation amounted to €3,067,539 (€2,821,484 as of December 31, 2021) but did not prevent the Group's EBIT from turning positive at €1,305,382, a significant improvement compared to the 2021 financial year (€-715,302).

The Consolidated Net Result stands at €432,047, compared to €-836,502 as of December 31, 2021, after financial expenses of €540,501 and taxes of €332,834.

The Consolidated Net Financial Position as of December 31, 2022 (net debt) amounts to €18,865,018. Investments made in the second half (approximately €5.2 million) only partially influenced this figure compared to the net financial position as of June 30, 2022 (€17,960,126). This result was achieved thanks to the profitability of the company and the initiatives undertaken by the Group to generate liquidity through careful management of working capital. The Net Financial Position is characterized by a balance between its Short-Term and Medium-Long Term components, with a slight prevalence of the latter. The former has increased in line with the significant increase in turnover, and consequently commercial working capital, which has also been fueled by the need to increase raw material stocks to cope with market uncertainties. Trade receivables, whose growth was only a fraction of that of revenues, are well under control thanks to the careful credit management policy adopted and the decision to introduce the use of Factoring. The Medium-Long Term component is even more significant, thanks to the policy pursued of exploiting all the opportunities offered by the credit system in support of growth plans. These plans involve significant investments, including those described above, but also foresee the achievement of future cash flows consistent with the objective of further improving the ratio between NFP and EBITDA, which has decreased by 26% compared to December 31, 2021 (5.8x) and is now at 4.3x.

The Consolidated Net Equity reached €17,696,371 from €16,681,619 as of December 31, 2021.

Activities carried out in 2022

In the first months of 2023, Grifal S.p.A., the parent company, initiated the expansion of its production area in Cologno al Serio. The project is nearing completion, and the new facility will be operational in the second half of 2023. The over 6,700 square meters of the new area will host paper and finished goods warehouses, and most importantly, the new cArtù® production department, which will also employ new high-capacity production lines made by Tieng S.r.l.

The reorganization and integration process of the two companies acquired during 2021 has continued.

In Tieng S.r.l., an engineering company that produces gluing equipment, including Grifal's corrugator gluing systems, all technological and plant-related expertise related to corrugated material production machinery, primarily under the Mondaplen® and cArtù® brands, has been consolidated. Tieng S.r.l. has also been entrusted with the maintenance of such systems.

Cornelli Brand Packaging Experience S.r.l. was merged into Grifal S.p.A., effective August 1, 2022. The operation optimized financial flows and various aspects of corporate resource management, eliminating overlaps between company and group functions. This further enhanced the operational synergies of two already closely integrated industrial activities.

The "Grifal Group Innovation Hub," opened in September 2021 at the Kilometro Rosso Innovation District technology hub in Bergamo, is now fully operational. The center hosts activities aimed at promoting growth and sharing innovations and skills in packaging solutions, with a focus on collaborations in marketing, training, and sustainability.

Grifal Europe S.r.l.'s operations in Timisoara, Romania, primarily serving major white goods customers, have successfully launched. The growth of the business has led to further investment in new machinery and additional space after just over a year since its opening.

Significant events occurring after December 31, 2022

In early 2023, the project to create a network of production sites dedicated to cArtù® production took a significant step forward. In February, Seven cArtù Lda was established, with equal ownership between the Portuguese partners of the José Neves Group.

In the first months of 2023, the expansion of the Cologno al Serio site at Grifal S.p.A.'s historic headquarters was completed in terms of structure and plant. Advanced technical and administrative procedures should conclude swiftly, coinciding with increased demand also from Portugal.

In March, the new 4.0 production line at the Cologno al Serio site was certified, doubling production capacity.

Management planning are producing expected results

The additional production capacity will streamline production processes and meet the growing demand for cArtù®-based materials in Italy, Romania, and Portugal, the latest addition to the cArtù® production network project. The machinery area, consisting of Tieng S.r.l., becomes increasingly strategic. A profound restructuring is underway, guided by its new executive chairman, who joined the company in December. The Group's project development acceleration depends on the consolidation of this area, which is expected to grow significantly in 2023 with increased sales and improved margins. Tieng S.r.l. will have additional space to develop its activities and see a significant improvement in its workforce.

Activities continue at the Grifal Group Innovation Hub within the Kilometro Rosso, Bergamo's technology excellence district. This training center and showcase for the Group's skills is increasingly becoming a place for sharing, growth, and constant dialogue with international entrepreneurs on common interests such as innovation, sustainability, and technological development.

The aforementioned initiatives have all been implemented to further accelerate growth and increase our ability to meet the growing demand from both domestic and international companies that place particular emphasis on sustainability, innovation, and communication in their packaging solutions, through our cArtù® and cushionPaper™ branded products.

The current historical period presents businesses with ever-evolving and complex challenges. In this context, the Group is continuously reassured in its ambitious development plans by the market's attention to its offerings. Consolidated orders continue to show strong and sustained growth.

Ordinary and Extraordinary Shareholders' Meeting and Documentation Filing

The Board of Directors has decided to convene the Shareholders' Meeting on April 27, 2023, to discuss and approve the financial statements for the year ending December 31, 2022, the allocation of profits, the imposition of a fiscal constraint on a portion of net assets for an amount of €217,365.33, and the appointment of the Board of Directors and the Board of Statutory Auditors.

The Meeting will also be convened in an extraordinary session to deliberate on the introduction of a voting rights increase in the Bylaws, resulting in amendments to Articles 6 and 9, and the granting of a delegation to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital, also through the exclusion of option rights pursuant to art. 2441, paragraphs 4 and 5, of the Italian Civil Code, up to a maximum total amount of €2,000,000.00.

Proposal for Profit Allocation

The Board of Directors has decided to propose to the Shareholders' Meeting to allocate the annual profit of €490,975 as follows:

- €24,549 to the Legal Reserve;
- €466,426 to cover previous losses.

Proposal to Impose a Fiscal Constraint on a Portion of Net Assets for an Amount of €217,365.33

Considering that the Company has re-aligned values for a total of €224,088.33, in accordance with the provisions of the aforementioned regulations, opting for the payment in three equal annual installments, starting from June 2021, of a 3% substitute tax for a total of €6,723, and that the option for the realignment involves the obligation to record a specific reserve in the financial statements to be bound according to the same fiscal regulations provided for revaluation balances, the Board of Directors proposes to the Shareholders' Meeting:

- to bind a corresponding portion of the extraordinary reserve for a total of €217,365.33, attributing the annotation "reserve in suspension pursuant to paragraph 8 of art. 110 D.L 104/2020" to it.

Proposal to Amend the Bylaws to Introduce Voting Rights Increase

The Board of Directors has decided to convene the Shareholders' Meeting in an extraordinary session to propose amendments to Articles 6 and 9 of the company's bylaws, thus introducing an increase in voting rights, with three votes for each share. The increased voting rights will be granted to company shareholders who have held their shares for at least 12 continuous months as of the date of the notice of the Shareholders' Meeting convening ("Vesting Period").

Please note that the decision to amend the bylaws to allow the introduction of increased voting rights constitutes a change in the bylaws concerning voting rights or participation as per art. 2437, paragraph 1, letter g) of the Italian Civil Code. Consequently, shareholders who do not participate in the approval of this statutory amendment will have the right to withdraw in accordance with art. 2437 and subsequent articles of the Italian Civil Code.

In this regard, the Board of Directors, considering the provisions of art. 2437-ter of the Italian Civil Code, and taking note of the opinions of the Board of Statutory Auditors and BDO Italia S.p.A. (as the entity responsible for the statutory audit), has determined the liquidation value per share to be €2.43 for exercising the withdrawal right, which may be exercised by Grifal shareholders entitled to do so for all or part of the shares held, under art. 2437-bis of the Italian Civil Code, within 15 days from the registration of the Shareholders' Meeting resolution in the competent Companies Register.

The Company will promptly notify shareholders and the market of the registration of this resolution. The effectiveness of the statutory amendment is subject to the suspensive conditions of non-exercise of the withdrawal right by Grifal shareholders that would result in an expenditure exceeding €500,000 (excluding amounts charged to shareholders exercising their option and pre-emption rights under art. 2437-quater of the Italian Civil Code, and any third parties involved in the liquidation process), and the non-contestation of the liquidation value of the shares under art. 2437-ter, paragraph 6, of the Italian Civil Code.

The introduction of increased voting rights based on the continuous holding of ordinary shares will allow the Company to incentivize medium-to-long-term investments from shareholders and strengthen the role of beneficiary shareholders in the Company's governance. This outcome is in the best interests of all shareholders and the Company, enabling the pursuit of the corporate development project and the establishment of cArtù as a new standard product in the world of protective packaging as an alternative to expanded plastics.

Granting the Board of Directors a Delegation Under Art. 2443 of the Italian Civil Code to Increase the Share Capital, Also with the Exclusion of Option Rights Under Art. 2441, Paragraphs 4 and 5 of the Italian Civil Code, for a Maximum Total Amount of €2,000,000.00, Including Any Premium

The proposal to grant the Board of Directors a delegation to increase the share capital by a maximum amount of €2,000,000.00 offers advantages in terms of operational flexibility in pursuing the Company's development project and may represent an opportunity to involve the Company's industrial partners in its growth strategy.

The documentation required by current regulations, including the Board of Directors' explanatory reports on the agenda items of the Shareholders' Meeting and the report on determining the liquidation value of shares in case of withdrawal, will be made available at the registered office at Via XXIV Maggio 1, Cologno al Serio (BG), and on the Company's website www.grifal.it, Investor Relations section, within the timeframes established by current regulations.

Please note that the draft financial statements and consolidated financial statements are subject to audit by BDO Italia S.p.A.

Attached:

- Consolidated Income Statement as of December 31, 2022, vs. December 31, 2021
- Consolidated Balance Sheet as of December 31, 2022, vs. December 31, 2021
- Consolidated Net Financial Position as of December 31, 2022, vs. June 30, 2022

This press release is available in the "Financial Press Releases" section of the Investor Relations area on www.grifal.it.

Grifal Group, a leading Italian packaging designer, supplier and equipment manufacturer, was created in 2021 when Grifal S.p.a., a company operating in the industrial packaging sector since 1969 and listed on Euronext Growth Milan (GRAL), acquired the operational branches of Tieng Srl and Cornelli Brand Packaging Experience Srl. The strategy is based on the continuing success of cArtù® technology and cushionPaper™ product line becoming the new eco-sustainable packaging standards, through the development of an international network of production sites in partnership with packaging manufacturers.

Contacts:

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Consolidated P&L as at 31 December 2022 vs 31 December 2021

Description	31/12/2022	% on revenue	31/12/2021	% on revenue
Revenue	38.875.510	100,0%	26.065.177	100,0%
Change in work in progress, semi-finished and finished products and increases in internally constructed fixed assets	3.680.576	14,1%	3.677.621	14,1%
Raw, ancillary and consumable materials and goods for resale	17.497.419	47,4%	12.535.538	48,1%
Services and use of third party assets	10.126.211	27,5%	8.258.478	31,7%
VALUE ADDED	12.932.456	35,1%	8.948.782	34,3%
Other operating income	866.028	2,3%	1.006.050	3,9%
Employee and personnel cost	9.294.255	25,2%	7.732.883	29,7%
Other operating expenses	131.488	0,4%	115.767	0,4%
EBITDA	4.372.741	11,9%	2.106.182	8,1%
Depreciation and amortisation	3.067.359	8,3%	2.821.484	10,8%
EBIT	1.305.382	3,5%	-715.302	-2,7%
Interest income and expenses	-540.501	-1,5%	-261.089	-1,0%
EBT	764.881	2,1%	-976.391	-3,8%
Income taxes	332.834	0,9	-139.889	-0,5%
Net profit (loss) for the year	432.047	1,2	-836.502	-3,2%

Consolidated Balance Sheet as at 31 December 2022 vs 31 December 2021

Description	31/12/2022	31/12/2021
Fixed assets	29.478.972	23.943.478
Current assets	22.293.847	17.447.280
Accruals and referrals	643.721	786.314
Total assets	52.416.540	42.177.072
Group shareholders' equity:	17.696.371	16.681.619
- net profit (loss) for the year	432.047	- 836.502
Reserves for contingencies and other charges	186.185	48.172
Pensions provisions	1.482.666	1.440.421
Current liabilities	21.516.691	15.353.305
Non-current liabilities	10.813.615	8.378.319
Accruals and referrals	721.012	275.237
Total equity and liabilities	52.416.540	42.177.072

Consolidated Net Financial Position as at 31 December 2022 vs 30 June 2022

Description	31/12/2022	30/06/2022
A. Cash	78.304	792.389
B. Cash equivalents	-	-
C. Other current financial assets	314.259	273.704
D. LIQUIDITY (A + B + C)	392.563	1.066.093
E. Current financial liabilities	6.005.784	5.801.510
F. Current part of non-current financial liabilities	2.438.181	4.251.886
G. CURRENT FINANCIAL DEBT (E + F)	8.443.965	10.053.396
H. NET CURRENT FINANCIAL DEBT (G - D)	8.051.402	8.987.303
I. Non-current financial liabilities	10.813.615	8.972.823
J. Debt instruments	-	-
K. Commercial debt and other non-current liabilities	-	-
L. NON-CURRENT FINANCIAL DEBT (I + J + K)	10.813.615	8.972.823
M. NET FINANCIAL DEBT (H + L)	18.865.018	17.960.126

Fine Comunicato n.20131-5

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