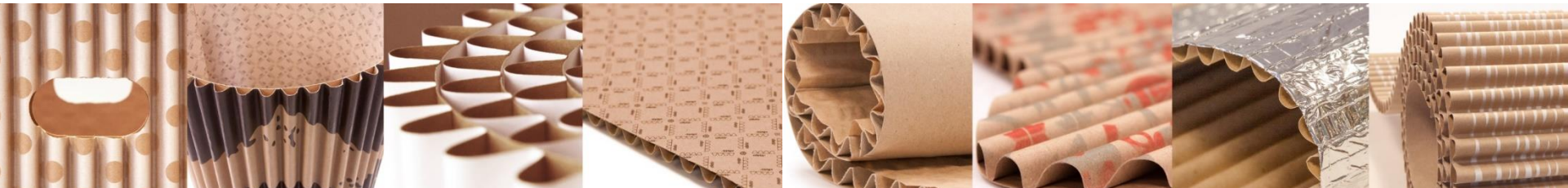




grifal
wave of the future

MID & SMALL IN LONDON 2021

20 April 2021





Fabio Gritti
President,
CEO

Academic background in engineering, economics and business.

40 years at the helm of Grifal overseeing, among his other duties, the development of corrugated products and the production of patented machinery.



Andrea Cornelli
Vice President
Chief Innovation Officer

Since 1981 the CEO of Cornelli Packaging, since 2020 a Partner, Board Member and Chief Innovation Officer of the multinational SEC Newgate.

Since 2021 Vice President, Chief Strategist Innovation Officer of Grifal.



Giulia Gritti
Board Member,
Director of Marketing

Undergraduate degree in Public and Corporate Communications and a Masters degree in Strategic Business Management.

Since 2012 Director of Marketing in Grifal and a Member of the Board of Directors.



Paolo Frattini
CFO,
Investor Relations

Degree in Business Economics and a Registered Auditor.

Experience in PwC, OTIS (United Technologies) and Regus as Finance Director and Member of the Board. Joined Grifal in 2015.

The global pandemic that began in 2020 had an exponential effect on the **acceleration of market trends** that were already extremely promising for Grifal SpA.

In this particularly challenging moment, important **opportunities** have been created:

Sustainability

The movement towards **green packaging is in sharp ascent**, driven by increased consumer ecological awareness and by national and international regulatory and tax regimes. The FMCG Packaging Observatory has shown that, in 2020, 27% of Italian consumers have increased their purchases of eco-sustainable products, This value is expected to increase to 34% in 2021. Similarly, 39% of the Italians surveyed declared their preference for packaging with low environmental impact and 71% would switch stores if they found products that were packaged more sustainably in a different shop.

E-commerce

Online sales are in constant growth all around the world and, as a result, so is the **demand for logistics and marketing associated with products and packaging**. In the EU alone, the annual growth of online shopping is estimated to be between +15–20%. The increase in the tendency to purchase online among 25–34 year olds is striking: +79% over the last 10 years. These and other indicators clearly point to a strong increase on the **demand for packaging**, especially corrugated cardboard.

Packaging & Logistics

The most recent studies confirm the projected annual growth in the market for corrugated cardboard within a range of +4–8% through 2025. Apart from intangible goods, it is estimated that 80% of all products purchased online have a **significant impact on the need for packaging materials** and logistics. E-commerce deliveries to the end-user can multiply operations up to 20 times as compared to brick and mortar retail sales.

Large Scale Retail Trade

Paper-based protective packaging that is also suitable for retail sales represents an important cost savings in the distribution supply chain. The constant pressure to increase profit margins powers the drive to use packaging formats that are retail-ready to improve operational efficiency since it is estimated that when secondary cardboard packaging is already suitable for retail display, shelf restocking times can be reduced up to 50%.

Grifal SpA has its roots in the packaging industry, specialized in creating eco-sustainable protective solutions based on innovative corrugating systems.

Technology is at the heart the Grifal Group's identity. Over the years Grifal has expanded its offer by **designing and producing in-house corrugation technologies** such as Mondaplen® (2003—2015) and cArtù® (2016).

Constant investment in R&D have resulted in 20 patents granted since 1997, in Europe and the USA.

Even before the current global trend, Grifal was already pursuing the ethical and business goal to **replace the plastics** used in protective packaging and to extend the advantages of this sustainable technology to markets sectors other than packaging.

Since 2018 Grifal is listed in the **AIM index of the Borsa Italiana** (Italian Stock Exchange).



Grifal SpA is an Italian technology company operating principally in the protective packaging sector. Over the past **10 years, it has reinvested 10% of the value of production in R&D and for prototyping innovative machinery.** Grifal has an International Safe Transit Association (**ISTA**) certified

laboratory to test and certify packaging and was the first Italian company to be included in the **Amazon Packaging Support and Supplier Network (APASS):** the network of trusted suppliers listed by Amazon for the supply of e-commerce packaging.

Grifal SpA

100%

100%

100%

100%

Grifal Europe SrO

Grifal GmbH

Cornelli Brand Packaging Experience Srl

Tieng Srl

Grifal Europe is a Grifal company headquartered in Romania. A production facility is currently under construction close to the factories of large international customers in the electronics sector.

Grifal GmbH is a Grifal company headquartered in Germany. It is the first step taken in preparing to launch and present our technology in the main European market.

Cornelli BPE is a company focused on the production and sales of cardboard boxes that employ new branding techniques and strategies as applied to packaging.

Tieng is a company that designs and produces machinery for gluing with resins and other adhesives as well as packaging automation equipment. Internationally known, its machinery has been installed all around the world.

Packaging

ITALY

- **Production of packaging solutions** for large volume customers of protective packaging
- **Production of cArtù®** for cardboard box and paper converters, for distributors of packaging materials (cushionPaper™ line)

EUROPE

- **Production of cArtù® in partnership** with large producers of corrugated cardboard packaging
- **Sales of Mondaplen® corrugating machinery** to converters of expanded plastic materials

USA

- **Sales of cArtù® corrugating machinery** to with large producers of corrugated cardboard packaging
- **Sales of Mondaplen® corrugating machinery** to converters of expanded plastic materials

Polystyrene in the world

- Estimated **market value**:
42.7 Bln \$ in 2019
- Primary geographical markets:
52% — **Asia and Pacific**
- **Demand** is increasing almost exclusively in India and China
- On a global level, especially in the USA and EU, not only is the focus on recycling increasing, but government entities are enacting regulations to minimize **environmental damage caused by the production and disposal of plastic products**

Polystyrene in the EU

- Estimated **market value**:
7.1 Bln \$ in 2017
- Primary geographical markets:
23% — **Germany**
- The **supply** of polystyrene in the EU in 2020 swung between remaining stable and a slight decrease in response to a fixed **demand** from the packaging sector and decreased demands from the construction, automotive and insulation sectors.
- Specifically, the demand for **expanded polystyrene (EPS)** is decreasing. There is a risk of excess production capacity.

Polystyrene and plastic film for white goods



cArtù® is the ideal alternative to environmentally harmful materials like EPS

More than 100 years after the invention of corrugated cardboard, Grifal has redesigned its wave form, improving performance in terms of **protection**, **load bearing**, **flexibility** and **lightness**.

- **Wave heights from 10 to 20 mm with cushioning properties**
- **Paper consumption:** up to **70% less** paper used to produce an equal volume of traditional corrugated cardboard.
- **100% recyclable** and can be disposed of in normal paper recycling programs.



An infinite range of applications for our green packaging solutions



Internal components



Separators



Cushions



Edge protection



Internal components



Internal components



Blocking



Slotted boxes



Die cut sheets

cArtù® easily and efficiently replaces expanded plastic foams.

According to our recently conducted **Life Cycle Analysis (LCA)** conducted AzzeroCo2, cArtù® products are up to **80%** more ecological than plastic materials such as polystyrene, bubble wrap and polyethylene.



| ITALY | |
|--|---------------|
| Corrugated cardboard market 2018 | |
| Companies operating in the market | 43 |
| Corrugating production lines | 97 |
| Production output in m3 | 28.000.000 |
| Number of employees | 6300 |
| Potential market for cArtù® | |
| Potential market in % of the corrugated cardboard market | 3% |
| Potential production of cArtù® in m3 | 840.000 |
| cArtù® production lines needed | 9 |
| Potential sales | cArtù® |
| Turnover (EUR) | 75.600.000 |
| EBITDA Margin | 22% |
| EBITDA | 16.632.000 |

Potential market for machinery sales

| | EU | USA |
|--|-------------------------------------|-------------|
| Corrugated cardboard market 2018 | | |
| Companies operating in the market | 369 | 280 |
| Corrugating production lines | 448 | 300 |
| Production output in m3 | 192.000.000 | 140.000.000 |
| Number of employees | 69.450 | 50.000 |
| Potential market for cArtù® | | |
| Potential market in % of the corrugated cardboard market | 3% | 3% |
| Potential production of cArtù® in m3 | 5.760.000 | 4.300.000 |
| cArtù® production lines needed | 64 | 48 |
| Potential sales | Corrugation production lines | |
| Turnover (EUR) | 256.000.000 | 191.111.111 |
| EBITDA Margin | 30% | 30% |
| EBITDA | 76.800.000 | 57.333.333 |

Specialized (non-packaging) corrugated materials

ITALY

- **Production and sales of semi-finished specialized corrugated materials to customers and partners**
- **Production and sales of specialized corrugated products**

EUROPE

- **Production and sales of specialized corrugated materials to customers and partners**

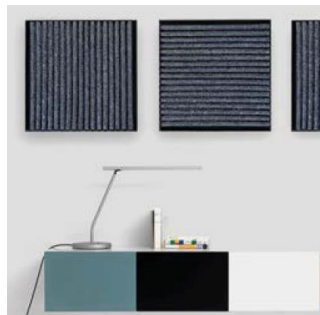
USA

- **Production and sales of semi-finished specialized corrugated materials to customers and local partners**

Specialized corrugated materials

Our corrugating technology reduces the consumption of raw material necessary to produce a given volume. This reduction in costs represents an important competitive advantage in any field of application.

Our versatile corrugating technologies can be applied to a diverse range of materials to create non-packaging products. Corrugated felt, for example, is ideal for sound absorption.



Sound absorption



Waste bins



Exercise mats



Decorative stools

The Grifal Group sells rolls or other formats of specialized corrugated materials to companies working in **specific market sectors.**

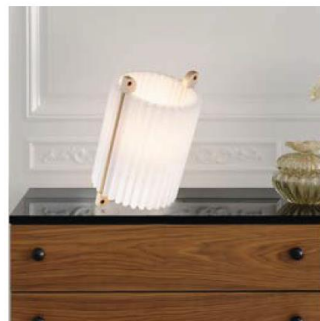


Table lamp



Centerpiece



Indoor/outdoor Pouffe

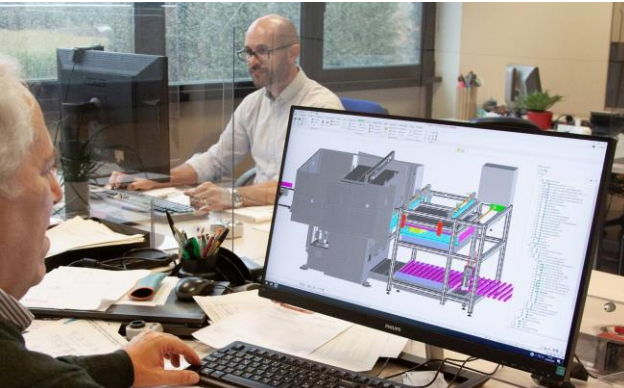


DIY protection

The Grifal Group includes **Tieng S.r.l.**, a company that produces corrugating machinery and equipment for converting materials into proprietary Mondaplen® and cArtù®.

Strengths:

- Full control of the production of in-house technology
- Quick response to market demands
- Continuous improvement of production processes
- Development of machinery for specialized lines of non-packaging materials



Design



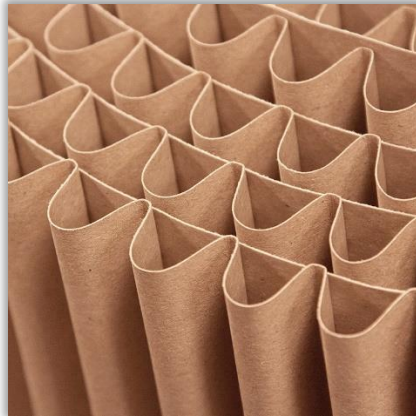
Workshop



Machinery Detail



Mondaplen® is available in rolls or sheets. It is made by laminating 2 or 3 sheets of polyethylene foam or other heat-weldable materials on our patented corrugating machinery.



cArtu® is the innovative corrugated cardboard with a wave height of up to 20mm, cushioning and resistant, made with our **proprietary technology** that is revolutionizing the packaging industry.



Inspiropack™ is a packaging system based on **creating a vacuum** and **blocking the product** to a protective substrate, made from cushioning and resistant Mondaplen® or cArtu®.



The **cushionPaper™ system**, a new catalog of high performance and eco-sustainable products, sold through a network of qualified distributors supporting Just in Time delivery.

Poliend 2000 is storied company in the **production and conversion of polystyrene** with an annual turnover of about 7 mln Euro.

Thanks to the inclusion of cArtù® in his company's portfolio of products, Cristian Buoro, Poliend's CEO, predicts a 30% increase in turnover and states:

« This new corrugated cardboard with cushioning properties **doubles our market potential**, significantly expanding our range of packaging solutions. By offering cArtù® to our customers, we intend to respond to the increasing **demand for more environmentally friendly products** that we are hearing from our large customers in the furniture industry among others.»

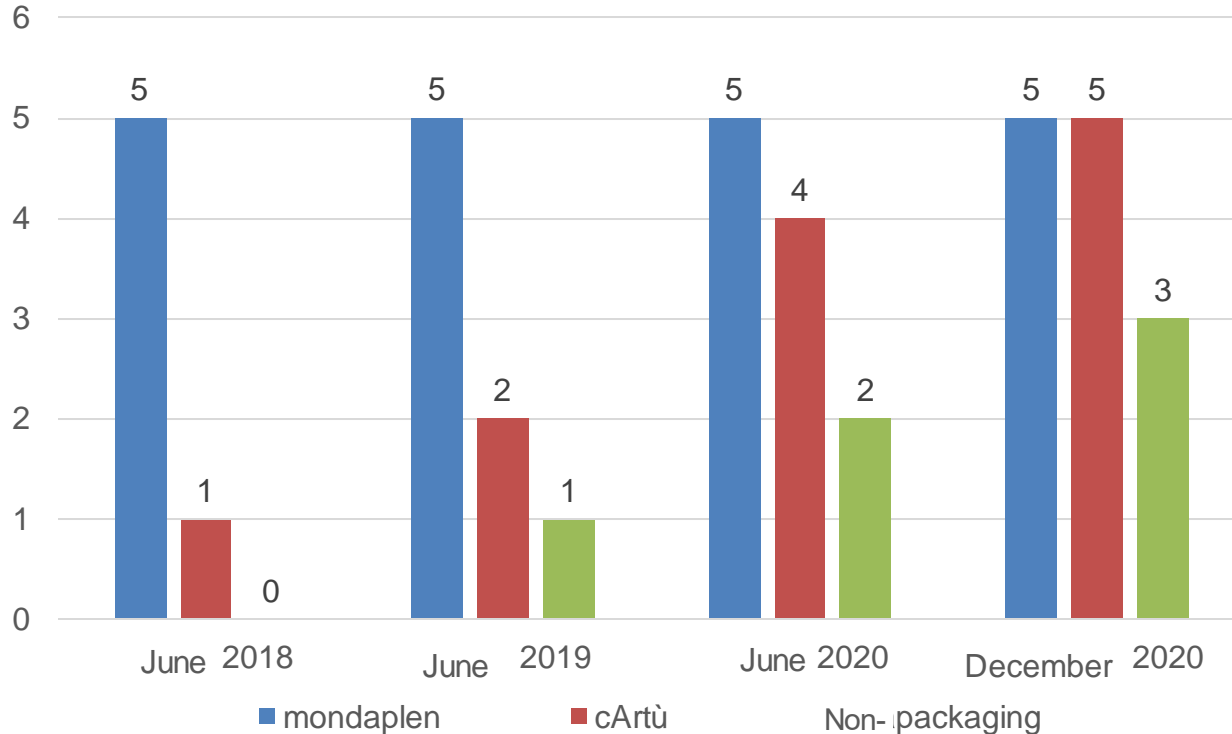


Grifal S.p.A. has been able to register a substantial increase in sales as a result of an **agreement reached with a noted multinational company that produces consumer electronics and small domestic appliances.**

For 2021, the agreement promises an increase of 2 mln Euro in turnover with respect to the sales of cArtù®, the new corrugated cardboard produced by Grifal with its exclusive patented technology.

For the time being, this agreement concerns just 2 products, but the company is already evaluating the use of cArtù® for other products in its portfolio.

ACTIVE PRODUCTION LINES



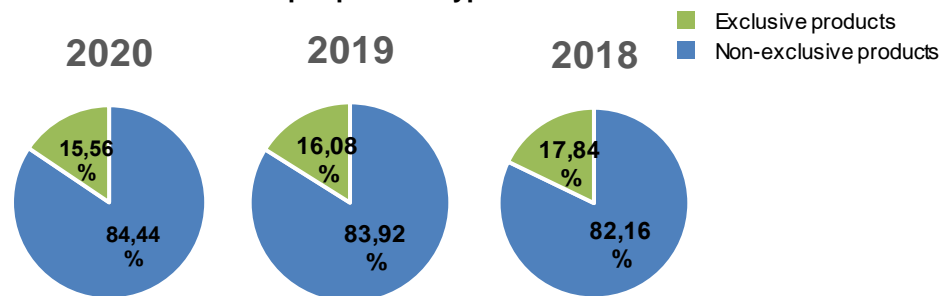
- **Productive capacity**

From the listing to the present, investments in new production lines have been significant. The number of corrugating lines has jumped from 6 to 13.

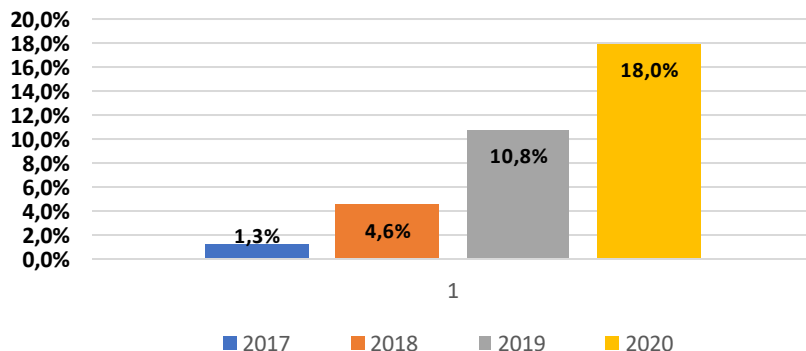
The company's growth is driven by the demand for its exclusive products and the markets increasing attention to cArtù®, its flagship product. International sales continue to grow, in line with the company's Vision.

| Profit & Loss (€/000) | 2018 | 2019 | 2020 |
|-----------------------|--------------|--------------|----------------|
| Revenues | 17.361 | 18.637 | 16.765 |
| Value of Production | 19.627 | 21.764 | 19.917 |
| EBITDA | 2.209 | 2.480 | 952 |
| <i>Ebitda %</i> | 12,7% | 13,3% | 5,7% |
| EBIT | 743 | 682 | - 1.013 |
| <i>Ebit%</i> | 4,3% | 3,7% | -6,0% |
| Net profit | 386 | 503 | - 946 |
| <i>Net Profit %</i> | 2,2% | 2,7% | -5,6% |

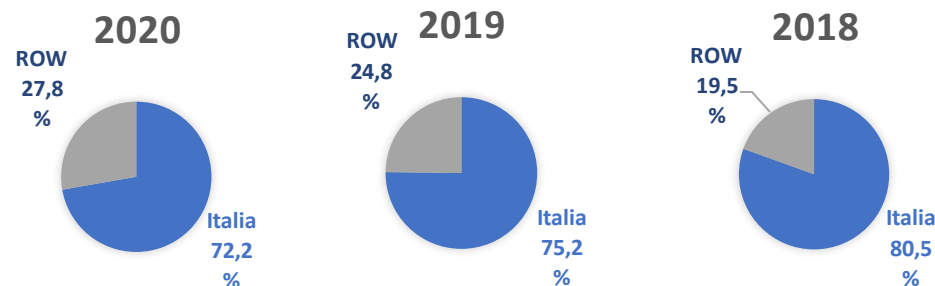
Revenue per product type



% of turnover attributed to cArtù®



Turnover by geographic area



Grifal manages its Net Working Capital well. It's invested in intangible fixed assets & tangible fixed assets aimed at product innovation.

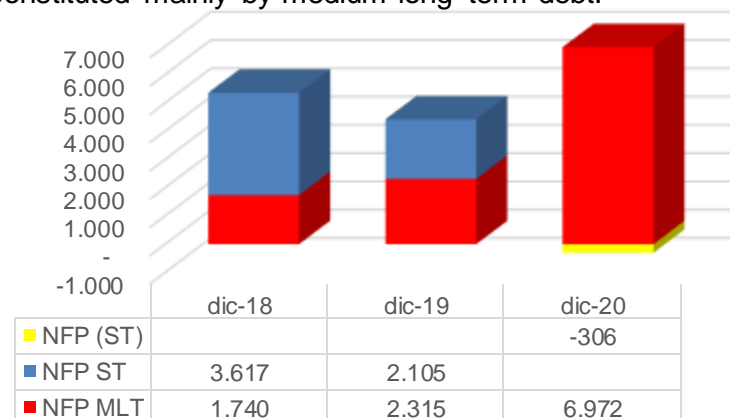
| Balance Sheet (€/000) | 2018 | 2019 | 2020 |
|---------------------------------------|---------------|---------------|---------------|
| Receivables | 6.143 | 6.183 | 6.270 |
| Inventories | 2.025 | 2.369 | 2.477 |
| Payables | - 3.843 | - 3.762 | - 3.968 |
| Commercial Working capital | 4.324 | 4.790 | 4.780 |
| Other Debit/Credit | 207 | 423 | 287 |
| Net Working capital | 4.531 | 5.214 | 5.067 |
| Fixed assets - Intangible | 3.687 | 3.575 | 8.078 |
| Fixed assets - tangible | 5.620 | 6.874 | 8.847 |
| Financial investments | 100 | 110 | 99 |
| Gross Capital Employed | 13.938 | 15.773 | 22.090 |
| Reserves | - 1.081 | - 1.093 | - 978 |
| Net Capital Employed | 12.857 | 14.680 | 21.112 |
| NFP | 5.356 | 4.419 | 6.666 |
| Financial Debts | 5.489 | 4.894 | 9.605 |
| Cash | - 132 | - 475 | - 2.939 |
| Total equity | 7.501 | 10.261 | 14.446 |
| Total Liabilities & Equity | 12.857 | 14.680 | 21.112 |

Fixed assets

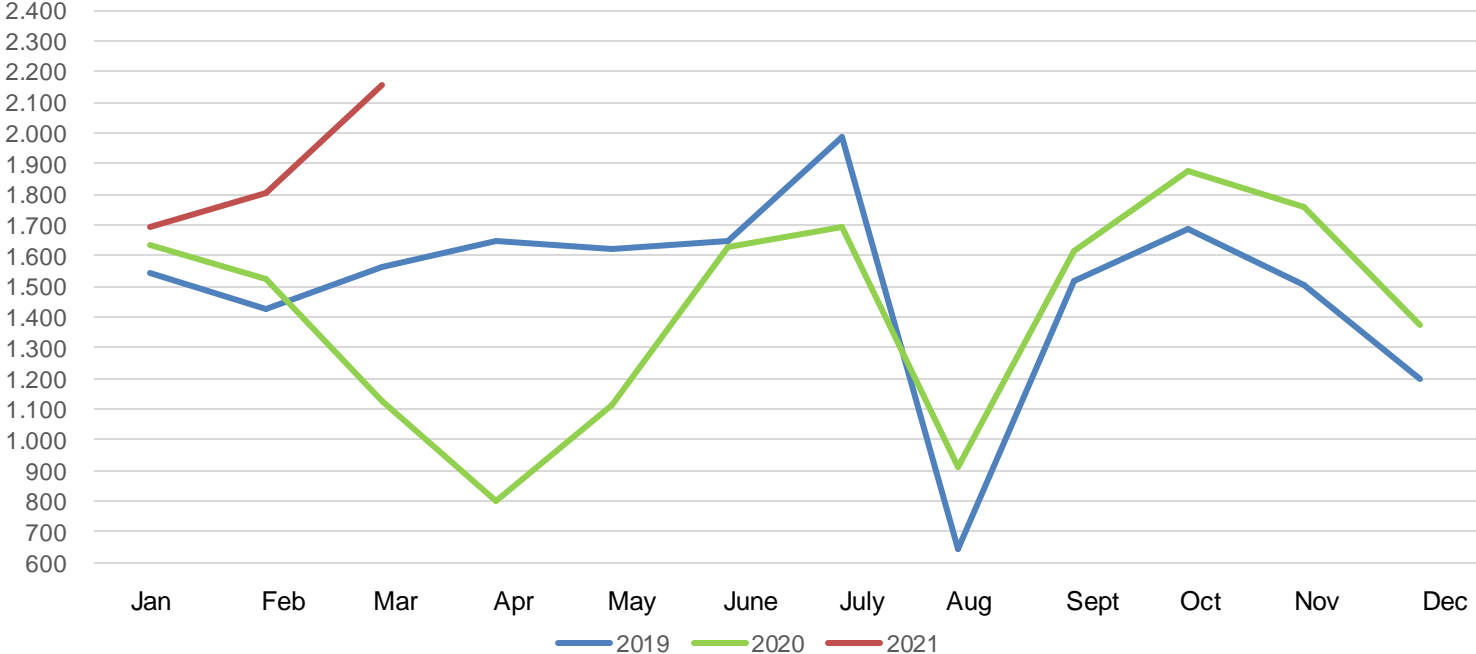
The intangible fixed assets are made up principally of patents and trademarks, research and development, costs related to the process of being listed on the stock exchange and goodwill; the fixed assets increase as a result of investments in new equipment and machinery to support the planned growth of the business.

NFP

The NFP has reached 6.6 Mln at the end of 2020 but is constituted mainly by medium-long term debt.



Customer orders €/000





The first Italian company to be included in the **Amazon Packaging Support and Supplier Network (APASS)** for the design and production of certified packaging for e-commerce.



Quality management system
IQNet certification: ISO 9001: 2015 and ISO 14001:2015



Quality management system
SQS certification: ISO 9001: 2015 and ISO 14001:2015



Grifal is a member of the Italian Association of Boxmakers (**Associazione Italiana Scatolifici**), a consortium dedicated to sustainable development and social responsibility.



FSC® and PEFC:

The brands of responsible forest management:

Grifal has been certified by these entities because it uses *only* paper products that respect sustainable forest management.



Grifal has its own internal laboratory to test and certify packaging with the ability to perform 30 different protocols approved by the **International Safe Transit Association (ISTA)**.



Grifal is an authorized FITOK dealer and uses wood and pallets in our packaging solutions that have undergone **phytosanitary treatment**.



From **waste products to by-products of production**, Grifal meets the standards of UNI 10667-1:2017 for recycling and reuse.



Thank you!



Grifal is the premier Italian technology company for the design and production of high performance and **environmentally friendly protective packaging** solutions.

