

GRIFFINE LAUNCHES INSOLVENCY PROCEEDINGS

14 March 2023

Duroc's wholly owned subsidiary Griffine Enduction S.A. with operations in France, launches a "redressement judiciaire", a form of reconstruction process in accordance with French insolvency law. Write-downs of the total value of Griffine in the consolidated income statement have already been carried out in the previous quarter. For Duroc, the process means that a significant source of loss disappears and that the financial key figures are strengthened pro forma.

As previously communicated, in the fall of 2022, Duroc decided to divest Griffine Enduction S.A, hereinafter "Griffine", which has suffered extensive losses since the start of the Covid-19 pandemic. Unfortunately, Griffine's expiring liquidity, combined with the uncertainty that still prevails in the market, has made a deal within the French regulatory framework impossible for the time required.

As a result, Griffine has submitted an application for a so-called "Redressement judiciaire", a form of restructuring in accordance with French insolvency law, which enables the sale of all or parts of the company and its assets to a third party within the restructuring procedure.

The reconstruction process implies an improvement of EBIT proforma with MSEK 65 R12 02/2023. The income statement in both the parent company and the group's consolidated accounts, has previously been charged with the full negative effect of a divestment without settlement, as well as a full write-down of receivables and shares in subsidiaries in the parent company's financial statements. Therefore, the result is not burdened by additional significant costs in connection with the reconstruction, apart from Duroc's costs for legal advice and other administrative costs, which have been reserved with MSEK 2.

Duroc acquired Griffine in 2019 and has since made extensive investments in the business, and in addition supported the company both financially and through various organizational initiatives. The local management has worked tirelessly with the development of the business through R&D and the establishment of long-term customer relationships. Unfortunately, an insufficient and at the same time unstable increase in volume coupled with sharp cost increases related to energy and raw materials, as well as difficulty in transferring the costs to the customer to a sufficient extent, has led to the business not being able to bear its costs and maintain a positive cash position.

Duroc's hope is that this now initiated process will enable another party to take over all or parts of the business for continued operation.

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For more information

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