

Grafenia plc

Sale of Subsidiary, Board Changes and Trading

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Grafenia plc

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

Sale of Subsidiary, Board Changes and Trading Update

Grafenia plc (AIM: GRA), announces today the sale of its Dutch subsidiary and a number of Board changes.

Sale of Dutch Subsidiary

Grafenia plc has completed the sale of its Dutch subsidiary, Grafenia BV, to Rosso BV, a privately owned Dutch company, for a cash consideration of €2,350,000.

Grafenia BV, previously named Media Facility Group BV, was acquired in 2010, for a consideration of €2,000,000, paid part in cash and in part by the issue of ordinary shares in the Company. Taking into account cash generated from operations since the acquisition, this venture has provided a satisfactory return on that investment. The Board has taken the decision to sell Grafenia BV because the strengthening of sterling against the Euro has made the ongoing supply of print to the Eurozone less attractive. Grafenia BV operates the online channels Flyerzone.nl, Drukland.nl and Drukland.be. The online channels Flyerzone UK, Ireland and France do not form part of the sale and are retained by the Group.

The Group will now focus on the development of its new and existing channels in the UK and Ireland. The sale proceeds will be applied to supporting the Group's partner networks, its online trade site Marqetspace, other online channels and its cross media offerings Brambl and Nettl.

In the year ended 31 March 2015, Grafenia BV generated revenues of approximately £6m and an operating profit of £0.4m. On 31 March 2015, Grafenia BV had gross assets of £0.4m.

Board Changes

Following the disposal of Grafenia BV, in the short term, the scale of the Group's operations will materially reduce. Accordingly, and by mutual agreement, Tony Rafferty has decided to step down as Chief Executive and to leave the Company. He will be available to assist the Group during the transition period and intends to retain his equity stake for the foreseeable future. The Board wishes to thank Tony for his years of unstinting service and drive making the Group what it is today.

The Board is pleased to announce that it has appointed Peter Gunning as acting CEO. Peter has been the Group's CTO for the past 5 years and, prior to that, the Group's Operations Director with responsibility for Operations, Marketing and systems development.

The Board is also pleased to announce the appointment of Conrad Christian Bona as a Non-Executive Director. Conrad (aged 46) is an experienced entrepreneur, investor and business consultant who has been involved with numerous complex commercial and financial transactions across a wide range of sectors.

Conrad has extensive experience as a banking and finance lawyer, having qualified as a barrister and solicitor in Ontario, Canada, an attorney-at-law in New York, US, and as a solicitor in the UK.

He is currently a director of Grayshott Limited, a London based business consultancy and project management firm.

Conrad Bona's other directorships in the last five years (all of which are current) are:

Giantslayer Limited - appointed 17 July 2013

Cornerstone Global Investors Corporation - appointed 15 May 2015

Invictus Investment Limited - appointed 8 November 2010

There are no further disclosures to be made in respect of Conrad Bona in accordance with AIM rule 17 and Schedule 2 paragraph (g) of the AIM rules.

Les Wheatley, Chairman of Grafenia commented, "The Board believes the disposal of our Dutch business will help in the

refocusing of the Group moving forward. Tony's decision to step down is consistent with the Group's reduced size and Peter's appointment will ensure a seamless transition providing reassurance to our many partners in the UK and internationally of our ongoing commitment. The appointment of Conrad strengthens the Board and will provide a fresh perspective."

Trading Update

Trading softened during July and August, although September was in line with internal budgets. As previously stated, the Board anticipates the current year's results will be second half weighted. Taking into account the relative weakness of the Euro, first half underlying earnings will be modest. Trading in the second half of the year for the Group's continuing operations is anticipated to be in line with the Board's expectations. However, the weakness in the first half is likely to result in underlying earnings for the full year being materially lower than previously expected on a like-for-like basis.

Marqetspace, the Group's online site for professional buyers, continues to progress with September comfortably exceeding the targeted £2m annualised monthly run rate.

Nettl recorded an additional 10 partners during the first six months, taking the total to 36 Studios including those Company-owned. This is lower than expected as the deal cycle is proving longer than anticipated. Encouragingly, 43 licenses have been granted for Brambl, the Group's subscription service for graphic professionals - launched on 1 September 2015 - which provides access to our website design tool in return for monthly fees and hosting charges.

The Interim Results for the six month period ended 30 September 2015 are expected to be announced on Monday 9 November 2015.

For further information:

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