

Grafenia plc

Update re the acquisition of Image Everything

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

Update regarding the acquisition of Image Everything Limited

Grafenia plc (AIM: GRA) is pleased to announce that it has agreed a variation to the terms of its acquisition of Image Everything Limited ("Image"), details of which were announced on 17 July 2017 ("Acquisition Announcement"). These variations incentivise the vendors of Image to remain with the Group for a longer period and also enhance Grafenia's cashflow.

It has been agreed that the potential "Earn-out" (as defined in the Acquisition Announcement) of £0.6m be replaced with a fixed additional deferred consideration of £0.55m, payable in cash (the "Deferred Consideration"). The Deferred Consideration will be paid in 12 monthly instalments commencing 30 September 2019. Under the original terms of the acquisition, approximately one third of the Earn-out would have been payable this month with the remaining two thirds payable in September 2019. As in the case of the Earn-out, the Deferred Consideration is conditional on Neil Cousins and David Brunt (two of the vendors of Image) being employees of the Group, but for a longer period, being until 31 August 2020 which is the final instalment date of the Deferred Consideration.

Additionally, it has been agreed that the repayments to be made in respect of the vendor loan notes of £1.25m issued in conjunction with the acquisition of Image will be reduced by £0.19m.

Following the variation of the terms of the acquisition the total consideration for Image is expected to be £2.76m, satisfied in cash of £1.15m on completion, secured vendor loan notes of £1.06m repayable in monthly instalments over a period of approximately two years from completion (final payment August 2019) and unsecured deferred consideration of £0.55m, payable in monthly instalments over the following 12 month period (final payment August 2020).

For further information:

Grafenia plc
Peter Gunning (CEO)

07973 191 632

Allenby Capital Limited (Nominated Adviser and broker)
Virginia Bull / Liz Kirchner / Nicholas Chambers

0203 328 5656

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