

Grafenia plc

## Subscription to raise £1.1m and Director Dealing

RNS Number : 8013T  
Grafenia plc  
25 March 2019

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

25 March 2019

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

### **Subscription to raise £1.1 million and Director/PDMR Dealing**

Grafenia plc (AIM: GRA) is pleased to announce that it has raised approximately £1.1 million, before expenses, by way of a subscription (the "Subscription") for 7,868,517 new ordinary shares (the "Subscription Shares") at 13.5 pence per Subscription Share (the "Subscription Price") from existing investors.

#### **Reasons for the Subscription and Use of Proceeds**

The Board has a clear strategy to accelerate the growth of Grafenia through the acquisition of sign businesses and to open further Nettl Business Superstores. In addition to this, and as noted in the Company's announcement on 17 January 2019, the Board is also investing in its Production Hub at Trafford Park, Manchester.

The Board intends to use the net proceeds of the Subscription for multiple purposes: to relocate and integrate Image Everything's operations into the Group's main production hub in Manchester, to invest in the launch of Nettl of America, to make further small acquisitions and for the Group's general working capital requirements.

The Board has forecast significant savings and improvement in efficiencies by consolidating our two facilities. We are not anticipating labour reductions as a result of this process.

Nettl of America was launched at an event in Orlando, Florida on 7 March 2019. In the United States, Nettl is a bolt-on franchise which is regulated by federal and state law. We have completed pre-sale registration and disclosure requirements to begin marketing in selected states. We have undertaken several exploratory meetings with potential franchisees and the Directors believe that the scope exists to grow a Nettl franchise network in the US.

The Board continues to review opportunities to acquire sign businesses. In the Company's interim results for the six months ended 30 September 2018, which we announced on 28 November 2018, we said we are looking to acquire a few larger sign businesses, similar in scale to Image Everything. These will act as regional manufacturing and installation hubs, to support a local network of Nettl Business Stores and studios. The Company expects to predominantly finance these acquisitions via equity fundraisings.

#### **Director's Participation in the Subscription**

Conrad Bona is participating in the Subscription on identical terms to the other subscribers. Conrad has agreed to subscribe for 222,222 Subscription Shares. Following this subscription and upon Admission, Conrad will have a total beneficial interest in 1,087,222 Ordinary Shares, equivalent to 1.28 per cent. of the Company's ordinary share capital upon Admission.

#### **Related Party Transactions**

Investmentaktiengesellschaft für langfristige Investoren TGV ("Langfrist") and Value Focus Beteiligungs GmbH ("Value Focus") are deemed related parties of the Company for the purposes of the AIM Rules for Companies as they each hold more than 10 per cent. of the Company's existing issued ordinary shares, being 28.26 per cent. and 20.61 per cent. respectively. Langfrist and Value Focus participated in the Subscription in respect of 3,148,148 Subscription Shares and 2,962,962 Subscription Shares respectively and each such participation represents a related party transaction pursuant to Rule 13 of the AIM Rules for Companies.

The Independent Directors, having consulted with the Company's Nominated Adviser, Allenby Capital, consider that the terms of each of the related party transactions are fair and reasonable insofar as the Shareholders are concerned.

#### **Commenting on the Subscription, Jan Mohr, Chairman of Grafenia said:**

"We are looking forward to continuing our journey of growing Grafenia organically and by way of acquisition. To that end, we appreciate our shareholders' support in our strategy and are determined to allocate funds wisely."

#### **Commenting on the Subscription, Peter Gunning, CEO of Grafenia said:**

"One of the original attractions of acquiring Image Everything was their geographic proximity to our existing production hub. It's always been our intention to consolidate both sites when the timing was right. And that time is now. Bringing our two production streams and account management teams under one roof should allow us to make better use of both our talent and our equipment.

We remain focused on giving our clients and partners clever ideas to promote and brand their businesses, and doing this in a reliable and efficient way, every time.

Earlier this month, we launched Nettl of America. The team have put a tremendous amount of effort into upgrading our platform to work in a different currency, with different tax rules and translating our marketing and product range to work with different sizes, different weights and different words. It was a pleasure to meet potential Nettl franchisees face-to-face and to hear common challenges and opportunities. We look forward to growing together.

On behalf of all at Grafenia, we thank participating shareholders for their continued support."

#### **Details of the Subscription**

The Subscription will result in the issue of 7,868,517 Subscription Shares, representing approximately 9.29 per cent. of the Company's issued ordinary share capital as enlarged by the Subscription.

The Subscription Price represents a premium of approximately 20 per cent. to the closing mid-market price on 22 March 2019, the last practicable date prior to the Company entering into the Subscription. The Subscription Shares are to be issued within the Company's existing allotment authorities, obtained at the last Annual General Meeting held on 27 July 2018 and therefore the Subscription is not conditional on a General Meeting.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the Company's existing ordinary shares, including the right to all dividends or other distributions declared, made or paid after the date of issue of the Subscription Shares.

Application has been made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and dealings in the Subscription Shares will commence at 8.00 a.m. on 28 March 2019.

#### **Total Voting Rights**

Upon Admission, the Company's issued share capital will consist of 84,684,683 ordinary shares with one voting right each. The Company does not hold any ordinary shares in treasury. Therefore, the total number of ordinary shares and voting rights in the Company will be 84,684,683. With effect from Admission, this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

#### **Market Abuse Regulation (MAR)**

MAR came into effect from 3 July 2016. Market soundings, as defined in MAR, were taken in respect of the Subscription with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

#### **For further information:**

##### **Grafenia plc**

Peter Gunning (CEO)

07973 191 632

##### **Allenby Capital Limited** (Nominated Adviser and broker)

David Hart / Liz Kirchner / Nicholas Chambers

0203 328 5656

#### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Subscription Shares have been subject to a product approval process, which has determined that the Subscription Shares are: (i) compatible with an end target market of retail investors and investors who meet the

criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution to retail investors through advised sales only and to professional clients and eligible counterparties through all distribution channels as are permitted by MiFID II (the "Target Market Assessment").



Notwithstanding the Target Market Assessment, distributors should note that: the price of the Subscription Shares may decline and investors could lose all or part of their investment; the Subscription Shares offer no guaranteed income and no capital protection; and an investment in the Subscription Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Issue, Issue and the Share Issuance Programme.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Subscription Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Subscription Shares and determining appropriate distribution channels.

**Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them.**

<b>1.</b>	<b>Details of the person discharging managerial responsibilities / person closely associated</b>	
a)	Name	Conrad Bona
<b>2.</b>	<b>Reason for the Notification</b>	
a)	Position/status	Non-Executive Director
b)	Initial notification/Amendment	Initial notification
<b>3.</b>	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Grafenia plc
b)	LEI	213800OKTI2518K5KM22
<b>4.</b>	<b>Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted</b>	
a)	Description of the Financial instrument, type of instrument	Ordinary shares of 1p each in Grafenia plc
	Identification code	GB0009638130

b)	Nature of the transaction	Purchase of shares	
c)	Price(s) and volume(s)	Price(s)	Volume(s)
		13.5p	222,222
d)	Aggregated information:  Aggregated volume  Price	n/a	
e)	Date of the transaction	25 March 2019	
f)	Place of the transaction	Outside a Trading Venue	

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

END

DSHUOOKRKVAOURR