

UPDATE RE. THE SALE OF WORKS MANCHESTER LIMITED

[GRAFENIA PLC](#)

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Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement, this information is now considered to be in the public domain.

1 June 2023

Grafenia plc

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

Update regarding the sale of Works Manchester Limited

Grafenia plc (AIM: GRA) announces the following update regarding the sale of Works Manchester Limited which was undertaken to enable the Group to focus on its stated aim of becoming a serial acquirer of vertical market software businesses.

On the 19 May 2022, the Company announced it had agreed to sell its wholly-owned subsidiary, Works Manchester Limited ("Works Manchester"), formerly Image Everything Limited, and certain business and assets of its wholly-owned subsidiary Grafenia Operations Limited ("Grafenia Operations") (together, the "Disposal") to Rymack Sign Solutions Limited, a privately owned company trading as PFI Group ("PFI").

The Disposal to PFI completed on 31 May 2022 and, pursuant to the sale and purchase agreement entered into between PFI and Grafenia, Grafenia was to receive consideration of £3,165,000 payable in the following installments:

- £30,000 on completion
- £35,000 one month following completion;
- £35,000 two months following completion;
- Four installments of £766,250 on the first, second, third and fourth anniversaries of completion (the "Deferred Consideration").

The first installment of Deferred Consideration was subject to adjustment for any shortfall or excess in actual net assets on completion versus estimated net assets prior to completion. Following the preparation and agreement of completion accounts, the first installment of Deferred Consideration was adjusted to £514,223 (the "Adjusted Installment").

PFI has yet to make payment of the Adjusted Installment which was due on 31 May 2023 and the Company is in discussions with PFI to resolve the matter. A further update will be provided in due course.

As reported in its Pre-close statement and Trading Update on 3 May 2023, the Company has made significant progress in pursuing its new strategy and is currently considering raising additional funding to enable this to

continue.

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