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5 October 2018

## **LIVE COMPANY GROUP PLC**

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

### **ACQUISITION OF BRIGHT BRICKS**

#### **PLACING TO RAISE £3.0m**

Live Company Group plc (AIM: LVCG) is pleased to announce the conditional acquisition of Bright Bricks Holdings Limited ("**Bright Bricks**"), a leading UK-based builder of bespoke brick statues and touring events, for a total consideration of £8.5m (the "**Acquisition**"). To part-finance the Acquisition and provide additional working capital to the Group, the Company also announces a conditional placing of 4,615,381 new ordinary shares of 1p each in the Company ("**Shares**") to raise approximately £3.0m (before expenses) (the "**Placing**").

#### **Highlights:**

- Acquisition of Bright Bricks for total consideration of £8.5m, to be funded by a combination of £2.167m in cash from the Placing ("**Cash Consideration**"), 8,461,536 new Shares ("**Consideration Shares**") and £0.833m consideration deferred until the day following the first anniversary of completion ("**Deferred Consideration**");
- Bright Bricks is one of the world's premier brick model building companies;

- Acquisition and Placing enables LVCG to fast-track growth plan in the US and Europe, and provides the opportunity for further partnership models;
- The Directors believe a combination of the businesses will result in LVCG being one of the most significant brick-based companies in the world;
- £3.0m (before expenses) raised through Placing of 4,615,381 new Shares (“**Placing Shares**”) at a price of 65 pence per share (the “**Placing Price**”);
- LVCG directors are investing for a total 61,537 Shares in the Placing;
- Net proceeds of Placing to be used towards financing the Acquisition and to provide working capital for the enlarged Group;
- Strengthening of the Board through appointments of Simon Horgan from Bright Bricks as Executive Director, Trudy Norris-Grey as a Non-Executive Director and Bryan Lawrie as Chief Financial Officer. Andy Smith to become Chief Strategic Officer on a part-time basis;
- Bright Bricks employees, including key personnel, retained within the enlarged Group.

**David Ciclitira, Executive Chairman at Live Company Group, said:** “At the beginning of this year, I had three specific goals for the Group: the consolidation of the BRICKLIVE brand in Asia; the establishment of the BRICKLIVE brand in the United States; and the acquisition of Bright Bricks Holdings Limited. This deal reinforces my final goal. The Group through BRICKLIVE, has created a global brick-based brand, whilst Bright Bricks is one of the world’s premier brick model building companies. With the combination of the businesses, the Directors believe LVCG will be one of the most significant brick-based companies in the world.”

**Simon Horgan, Executive Chairman at Bright Bricks, said:** “Over the past 2 years, Live Company Group has become an important customer for Bright Bricks. We have collaborated on many exciting and highly creative projects where Bright Bricks has used its skills to create unique event content. The joining of our two companies will allow us to fully service and supply the global Bricklive network of events from within our own resources. Bright Bricks has an extensive portfolio of touring assets and a highly skilled design and building team that will now be integrated into Live Company Group. We have many new concepts waiting to launch and look forward to an exciting future together.”

## Placing Statistics

Placing Price	65p
Number of Existing Shares	53,779,218
Number of Placing Shares	4,615,381
Number of Consideration Shares	8,461,536
Number of Fee Shares	238,460
Gross proceeds of the Placing	£3.0m
Net proceeds of the Placing (including Cash Consideration)	£2.64m
Number of Shares in issue immediately following First Admission	58,633,059
Number of Shares in issue immediately following Second Admission	67,094,595
Percentage of enlarged share capital represented by the Placing Shares, the Fee Shares and the Consideration Shares	19.85%
Deferred Consideration (payable October 2019)	£0.833m

The Placing Shares, the Consideration Shares and the Fee Shares are being issued under the Company’s existing authorities.

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## Introduction

The Board of LVCG is pleased to announce the conditional acquisition of Bright Bricks, a leading UK-based builder of bespoke brick statues and touring events, for a total consideration of £8.5m, in conjunction with a placing of 4,615,381 new Shares at a price of 65p per Share. The consideration payable for Bright Bricks will be satisfied by the payment of £2.167m of the net Placing proceeds, together with the issue of the Consideration Shares and the Deferred Consideration (which is payable in cash or new Shares at the Placing Price at the option of the vendors).

Simon Horgan, Executive Chairman of Bright Bricks, will join the Board of LVCG on 1 November 2018.

The Placing Shares have been placed with existing and new institutional and other investors. Admission and dealings in the Placing Shares and the Fee Shares are expected to commence on Monday 8 October 2018 ("**First Admission**").

Admission and dealings in the Consideration Shares are expected to commence on or before Wednesday 17 October 2018 ("**Second Admission**").

## Background to and reasons for the Acquisition and Placing

Since its inception, LVCG has sought to build BRICKLIVE as a global children's entertainment and education brand. Since 2016, when one event was held in Birmingham, LVCG has grown its global network to ten partners and to events in 4 continents. On 28 September 2018 the Company notified its interim results for the six months ended 30 June 2018, with increased revenues of £2.842m for the period and an operating profit from continuing activities of £503k. LVCG's outlook for the full year to 31 December 2018 shows revenues in the region of £5.75m (excluding the effects of the Acquisition) and continuing profits.

The Directors believe that the combination of the existing Company, a global brick based brand, and Bright Bricks, one of the world's premier brick model building companies, will create one of the most significant brick based companies in the world.

### - **Enhanced Gross Profit margins**

Bright Bricks has made gross profits, on average, in excess of 30%, and BRICKLIVE is Bright Bricks' single largest customer – in the 12 months to 31 March 2018 BRICKLIVE provided 24% of total Bright Bricks sales (£0.6m), and in the period from January 2018 to July 2018 provided

50% of total Bright Bricks sales (£1.13m). The Director believe there are a number of cost savings which will further enhance the enlarged Group's net profit.

- **Expanding BRICKLIVE's ability to sell**

BRICKLIVE has a global network, and the Acquisition will open up the ability to sell custom builds, and to rent tours, globally. Bright Bricks currently has touring assets such as Safari and Mythical Beasts. The Company plans to integrate these formats of touring shows into the BRICKLIVE network offering significant sales expansion to the Bright Bricks business.

- **Future proofing the business**

The acquisition of Bright Bricks and subsequent assets will future proof the business for the Company's longer term expansion plans.

- **Strengthened management team**

The Acquisition will strengthen the enlarged Group's management team, especially in operational areas.

- **Fast tracked growth plans**

The Acquisition gives additional lift to the Group's plans for BRICKLIVE in Europe and the US. If the initial test show in Live Nation and the Dallas Cowboys is successful, this will provide the platform to expand further BRICKLIVE shows into North America, which would require significant additional content. The Directors also believe that by merging BRICKLIVE's and Bright Bricks' strategies in Europe there is a greater opportunity for success. Offering sophisticated content to our current partners will further enhance the BRICKLIVE brand.

- **Greater optionality and opportunities for partnership models**

The Directors believe the combination of the two businesses provides the opportunity for further partnership models. Integration of the touring assets will enable the Group to approach smaller secondary venues in Europe to create partnerships, similar to BRICKLIVE's Monaco deal, whereby the costs are underwritten and both parties split the upside.

## **Use of Proceeds**

The Placing has raised £3.0m (before expenses) through a placing of 4,615,381 Placing Shares at the Placing Price, utilising the Company's existing authorities approved at the AGM on 10 September 2018.

The use of proceeds is broken down as follows

£2.377m – Cash consideration and working capital for Bright Bricks

£0.263m – Working Capital for combined group

£0.360m – Transaction expenses

Additionally, the Company has received an unconditional offer for a working capital facility for up to £1,000,000. Once in place, and if utilised, repayment may be in cash or Shares at the Company's discretion.

Furthermore, on 2 October 2018 LVCG agreed with James Golf Limited ("JGL") that JGL shall be responsible for making arrangements with certain LVCG creditor balances, all over 5 years old, and

shall keep LVCG fully and effectively indemnified in respect thereof (the “Arrangements”). This releases LVCG of liabilities totalling £433,549 and is expected to be shown as exceptional income in the full year accounts for the year ending 31 December 2018. JGL is a company wholly owned by David Ciclitira.

As JGL is a company wholly owned by David Ciclitira, the Executive Chairman of LVCG, the Arrangements constitute a related party transaction per Rule 13 of the AIM Rules. Accordingly, the Directors of the Company, with the exception of David Ciclitira, having consulted with Stockdale Securities Limited, the Company’s nominated adviser, consider that the terms and conditions of the Arrangements are fair and reasonable insofar as the shareholders of the Company are concerned.

### **Looking ahead – strategy for the enlarged Group**

- **Expansion of BrickLive Touring in Asia**  
Using the Bright Bricks existing touring assets, such as Safari and Brikosaurs, and the creation of new touring assets in the future, we expect to utilise our network of Asian promoters to create a city by city tour alongside our BRICKLIVE shows and brand extensions.
- **Integrations of Bright Bricks Touring assets into the Bricklive show portfolio of clients and locations**  
As well as finding new touring promoter partners in new and existing regions, we will also seek to further enhance our current partners’ offering with fresh new content for their shows, in order to further enhance the growth of the BRICKLIVE brand in the markets in which we currently have a presence.
- **Expansion of BrickLive Kids Café**  
In addition to our deal in China for 100 Bricklive Kids Cafes, we are looking to expand the concept into regions such as the Middle East. Whilst the ‘per Café’ license fee is small, with content consisting mainly of statues the content fee is more significant and may be scaled through expansion. With Bright Bricks becoming part of the Group, we expect to be able to further enhance margins whilst also ensuring the partners have the best content possible.
- **Creation of Bright Bricks Asia**  
With a significant amount of LVCG business coming from Asia, we have had discussions with our Asia partners regarding the opportunity of creating Bright Bricks Asia, to allow us to benefit from cheaper labour as well as more favourable shipping time and costs. This would also reduce production lead time for our partners in Asia when selling bespoke builds to their partners/sponsors as well as shipping lead time and cost.
- **US and European Expansion**  
Bright Bricks have a strong presence in Europe with a number of touring sales within the region and have held shows in locations such as zoos and theme parks, currently untapped venues for BRICKLIVE. Whilst BRICKLIVE has started to expand in to the US, with the entities combined we expect to be able to better ensure these two major markets become a significant contributor to the LVCG business.

### **Information on Bright Bricks**

Bright Bricks, based in Hampshire, was founded in 2008 by Duncan Titmarsh. Shortly afterwards he was joined by Ed Diment, who shared Duncan's passion for brick building. They were joined by Simon Horgan in 2016.

Bright Bricks is one of the world's premier brick model building companies and has approximately 60 employees. The business consists of two principal revenues streams:

1. Client/Corporate bespoke builds of statues for clients, including BRICKLIVE; and
2. A recently created brand extension, Bright Bricks Touring, featuring at events, mainly in the UK and Europe, predominantly statue-based around a specific theme.

For the year ended 31 March 2018 Bright Bricks reported unaudited revenues of £2.5m and, after applying accounting policies consistent with LVCG, the adjusted EBITDA is expected to be £277,000. Bright Bricks has continued to grow and is expected to generate revenues in the region of £3.25m for the 12 months to 31 December 2018.

### **Terms of the Acquisition**

On 5 October 2018, the Company and the vendors of Bright Bricks (the "**Vendors**") entered in a conditional sale and purchase agreement (the "**SPA**") for purchase by the Company of the entire issued share capital of Bright Bricks.

The total consideration payable for the Acquisition is £8.5m, to be satisfied by:

- £2.167m in cash, to be satisfied from the net proceeds of the Placing; and
- £5.5m in new Shares, to be satisfied through the issue of the 8,461,536 Consideration Shares in equal proportions to the Vendors; and
- £0.833m in Deferred Consideration, payable to the Vendors on the day following the first anniversary of completion. The Deferred Consideration may be satisfied in cash or in new Shares at the Placing Price or a combination of both, at the discretion of the Vendors.

The Company may terminate the SPA for material breach of warranty at any time up to Second Admission.

The Acquisition is conditional upon the payment of the Cash Consideration and issue of the Consideration Shares and is expected to complete on or before 17 October 2018.

The Consideration Shares will be subject to lock-in agreements for the period from Second Admission until 31 December 2019, and a further 12 month orderly market arrangements thereafter.

### **Details of the Placing**

The Company has raised £3.0 million (before expenses) through the issue of the Placing Shares at the Placing Price in order to fund part of the consideration payable pursuant to the Acquisition and to provide additional working capital to the Group. The Placing Price represents a discount of approximately 11.2 per cent. to the closing mid-market price of 73.2 pence per Share on 3 October 2018, being the last business day prior to the publication of this announcement.

The Company has entered into a placing agreement dated 5 October 2018 (the "**Placing Agreement**") with Stockdale Securities Limited ("**Stockdale**") and Shard Capital LLP ("**Shard**") (together, the "**Joint**

**Brokers**”), pursuant to which the Joint Brokers, as agents for the Company, have procured places for the Placing Shares at the Placing Price.

The obligations of the Joint Brokers under the Placing Agreement are conditional, inter alia, upon First Admission having occurred by 8.00 a.m. on 8 October 2018 (or such later time and/or date as may be agreed, being no later than 8.00 a.m. on 17 October 2018), and there being prior to First Admission no material breach of the warranties given to the Joint Brokers.

The Joint Brokers may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to First Admission, if such breach is reasonably considered by the Joint Brokers to be material in the context of the Placing) and in the event of a force majeure event occurring at any time prior to First Admission. If the conditions of the Placing Agreement are not fulfilled on or before the relevant date in the Placing Agreement, placing monies will be returned to Places without interest as soon as possible thereafter.

The Placing is not conditional on completion of the Acquisition.

Certain existing and proposed Directors are subscribing for a total of 61,537 Placing Shares in the Placing, comprising David Ciclitira (30,769 Placing Shares), Andy Smith (7,692 Placing Shares), Ranjit Murugason (7,692 Placing Shares), and Bryan Lawrie (15,384 Placing Shares).

### **Fee Shares**

In consideration for the additional time and services provided over the last twelve months in connection with the development and execution of the Acquisition, Ranjit Murugason, Non-executive Director, is to receive a fee of £125,000, which will be satisfied at Admission through the issue of 192,307 new Shares; additionally, the Company are issuing a further 46,153 new Shares at Admission to a previous financial consultant, in satisfaction of an amount of £30,000 owing on outstanding consultancy fees (together, the **“Fee Shares”**).

### **Board Changes**

In addition to the appointment of Simon Horgan on 1 November 2018, the Company is also pleased to announce the appointments of Trudy Norris-Grey, as independent Non-Executive Director, also with effect from 1 November 2018, and Bryan Lawrie, as Chief Financial Officer, with effect from First Admission on 8 October 2018. Following completion of the Acquisition, Andy Smith will take on a new board role as Chief Strategic Officer, to oversee the integration of the two businesses and the enlarged Group’s future strategy. In his new role, Andy is expected to be working 2.5 days per week.

Simon Horgan brings a wealth of experience to LVCG plc across several industry sectors but most relevant to the future expansion of the business is his knowledge and track record in international exhibition and conference venue management plus event and exhibition portfolio management and development. Simon has been involved in the events and exhibitions sector for over 30 years. He was the CEO of the Abu Dhabi National Exhibition Centre during which time he acquired London’s flagship exhibition venue, Excel, for the Abu Dhabi government. Prior to this he was Chief Strategy Consultant for Informa plc.

Trudy has a wealth of experience in the technology industry, with over 30 years of success spanning global sales, marketing, channel and partner strategies, business development, and portfolio transformation. She is currently based in Seattle working for Microsoft as the Managing Director of Business Development and Smart Cities. Prior to this she held senior roles at BT Group plc, as CEO of Infonet, and Sun Microsystems, and Oracle. Trudy is past Chair of the CBI Committee on Innovation,

Science & Technology and a member of the oversight committee for the UK's national Technology Strategy Board and was a founding member of the CBI Leadership Group on Climate Change. A Fellow of the Chartered Association of Certified Accountants (FCCA), Trudy will sit on the Company's Remuneration Committee.

Bryan has been acting as interim CFO since June 2018. He is an FCCA and started his career in the London office of PKF, heading up the business support service team. Following a period of providing CFO services on a portfolio basis, he founded CFO Partners in 2015, working with CEOs and other Board directors advising on both business and financial strategic matters.

In addition, the Company is seeking to appoint two further non-executive Directors, at least one of whom would add public company experience to the Board. Further details will be announced at the appropriate time.

### Share option scheme

The Directors of the Company are planning to put in place a new EMI option pool of up to 10 per cent. of the Company's total issued share capital post-completion of the Placing and Acquisition, in order to provide a long-term incentive plan for executive Directors and staff. Share options issued under the scheme will vest in three equal instalments of one third each on the first, second and third anniversaries of granting, and will be subject to continued employment. The Company has the existing shareholder authorities necessary to grant options under the new option pool.

The initial grant of options will comprise options equivalent to a total of 5.5% of the Company's issued share capital post-completion of the Placing and Acquisition as follows: (i) David Ciclitira 2%; (ii) Andy Smith 1%; (iii) Bryan Lawrie 0.5%, and (iv) other staff 2%, all exercisable at the Placing Price. The remaining options in the scheme will be available for issue to attract new members of staff and for the incentivisation of existing Company employees.

### AIM Application, Total Voting Rights and Directors' Interests

Application has been made for the admission to trading on AIM of the 13,315,377 new Shares which, upon issue, shall rank pari passu with the Company's existing issued Shares. Dealings are expected to commence, in respect of the Placing Shares and the Fee Shares, on 8 October 2018, and in respect of the Consideration Shares, on or before 17 October 2017.

Following First Admission, the enlarged issued share capital of the Company will comprise 58,633,059 Shares. Following Second Admission, the enlarged issued share capital of the Company will comprise 67,094,595 Shares. Each Share has one voting right. No Shares are held in treasury. The above figures may be used by Shareholders as the denominators for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, Live Company Group plc under the FCA's Disclosure Guidance and Transparency Rules.

The interests of the Directors (including new Directors) in the Company's share capital as enlarged by First Admission and Second Admission will comprise:

Director	Shares	First Admission (%)	Second Admission (%)
David Ciclitira*	26,975,815	46.01	40.21
Andy Smith	7,692	0.01	0.01

Simon Horgan <sup>2</sup>	2,820,512	n/a	4.20
Bryan Lawrie <sup>1</sup>	15,384	0.03	0.02
Ranjit Murugason	997,241	1.70	1.49
Serenella Ciclitira*	1,562	0.01	0.01
Trudy Norris-Grey <sup>2</sup>	nil	n/a	n/a

\* *connected persons*

<sup>1</sup> *appointment at First Admission*

<sup>2</sup> *appointment on 1 November 2018*

### **Forward-looking statements**

This announcement may contain forward-looking statements relating to the Company's expected operations that are based on management's current expectations, estimates and projections. Words such as "expects", "intends", "plans", "projects", "believes", "estimates", and similar expressions are used to identify such forward-looking statements. These statements are not warranties or guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. By their nature forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although the Company believes the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, many of which are beyond the control of the Company, which could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements.

### **Additional Information**

The following further information is disclosed under Rule 17 or Schedule 2(g) of the AIM Rules for Companies in respect of the appointments of Simon Horgan, Trudy Norris-Grey and Bryan Lawrie:

**Bryan John Lawrie**, aged 50, has, or has been during the last five years, a director or partner of the following companies/partnerships:

#### **Current directorships/partnerships**

Accounting Outsource Partners Limited

CFO Partners Limited

Realtime Finance Limited

#### **Previous directorships/partnerships**

Heritage Rotherham Limited

IT Director Solutions Limited

At First Admission Bryan Lawrie will have an interest in the Company's Shares as disclosed above.

**Simon Nicholas Horgan**, aged 60, has, or has been during the last five years, a director or partner of the following companies/partnerships:

#### **Current directorships/partnerships**

Bright Bricks Limited

Bright Bricks Consumer Limited  
Bright Bricks Events Limited  
Bright Bricks Holdings Limited  
Bright Bricks Parties Limited  
Conifers Hill Management Limited  
Horgan Investments Limited  
Warriorbots Limited

**Previous directorships/partnerships**

Brick Live Far East Limited  
Brick Live Group Limited  
Brick Live International Limited  
Elysian Investments Limited  
Heavy Con Limited

At Second Admission Simon Horgan will have an interest in the Company's Shares as disclosed above.

**Kathryn Trudy Norris-Grey**, aged 48, has, or has been during the last five years, a director or partner of the following companies/partnerships:

**Current directorships/partnerships**

Americas 5 LLP  
Perfect World 1 LLP  
The Augusta Film Limited Liability Partnership  
The Invicta Film Partnership No.20, LLP  
Wise Campaign C.I.C.

**Previous directorships/partnerships**

Omni Films LLP

Trudy Norris-Grey does not have an interest in the Company's Shares.