LiteBulb Group Limited
(“LiteBulb” or the “Company”)

Proposed acquisition of Meld Group Limited

Issue of Equity to raise up to £3.0million

LiteBulb (AIM: LBB), the brand and product development specialist, announces that it has entered into a conditional share purchase agreement to acquire Meld Group Limited (“Meld”), a brand and product development company, for an initial consideration of £2 million in cash and 347,642,857 Ordinary Shares (the “Acquisition”). LiteBulb also announces that, through the conditional placing of up to 428,571,350 Ordinary Shares (the “Placing Shares”) at 0.7p per placing share (the “Placing Price”), it intends to raise up to £3.0 million before expenses with both existing and new shareholders (the "Placing").

Completion of the Acquisition and the Placing is conditional on, amongst other things, approval by the Company’s shareholders (“Shareholders”) of the resolutions (the “Resolutions”) to be proposed at the extraordinary general meeting of the Company (“EGM”) to be held at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG at 10.00 a.m. on 21 November 2013.

About Meld

Meld has developed a diverse portfolio of brands and products which it supplies to major retailers in the UK. Having been in operation for over ten years, the Meld group has developed established relationships with a number of blue-chip retail clients including Marks and Spencer and Sainsbury’s.

Meld has predominantly focused on developing products for the books, gifts and games markets. Some of the products developed and sold by Meld and its principal subsidiary Ginger Fox Limited include a range of puzzles and games based on the popular television programmes Peppa Pig and Octonauts. Other key products include a range of classic fairy-tales books launched under Meld’s brand ‘Milly & Flynn’.

Meld has a strong track record in terms of its financial performance, having been profitable for the last six years. In the audited accounts for the year ended 31 May 2012, Meld recorded turnover of £8 million and earnings before tax of £0.6 million. Unaudited financials for Meld for the year ended 31 May 2013 show revenues of £7.5 million, and earnings before tax of approximately £0.6 million. Meld is expected to record a positive EBITDA for the year ended 31 May 2014.

The Acquisition is expected to enhance the Company’s sales over the next twelve months and be earnings enhancing before interest, tax, depreciation and amortisation.

Benefits of the Acquisition

The Acquisition is expected to provide a number of benefits to the enlarged group, these include:

- enhancing the Company’s position as one of the leading providers of niche innovative consumer brands and products;
- expanding the Company’s portfolio of high quality brands and products;
- providing cross-selling opportunities within the Company’s existing client base and the additional customer relationships established by Meld;
- bolstering existing relationships with mutual customers, increasing the range of products the Company’s sells to these customers; and
- providing cost savings through business synergies going forward.

Terms of the Acquisition
On 4 November 2013, the Company entered into a conditional share purchase agreement (Agreement) with Nicholas Ponting (1), Jamie Atkins (2), Annabel Brooke (3), Leo Eccles (4) and Robert Giles (5) (Sellers) pursuant to which, subject to, amongst other things, the approval of the Resolutions at the EGM, it has agreed to purchase and the Sellers have agreed to sell the entire issued share capital of Meld for the initial aggregate consideration of £2,000,000 (payable as to £1,000,000 on Completion (as defined below) and £1,000,000 on 13 December 2013) (Cash Payment) and 347,642,857 Ordinary Shares (each a Consideration Share). The 347,642,857 Consideration Shares will, if issued, equate to 15.6 per cent. of the issued share capital of the Company immediately following completion of the Acquisition and the Placing (Completion) (Enlarged Share Capital).

In addition to the Consideration Shares issued to the Sellers at Completion, up to 347,642,857 further Ordinary Shares (each an Earn Out Share) may be issued to the Sellers following the conclusion of the Earn Out Period (as defined below), subject to the following earn out arrangements (Earn Out). The Sellers will be entitled to receive Earn Out Shares if the aggregate EBITDA of Meld and its subsidiaries (Meld Group) exceeds £683,000 during the period commencing on 1 January 2014 and ending on 31 December 2014 (Earn Out Period). Depending on the EBITDA of the Meld Group during the Earn Out Period, the maximum number of Earn Out Shares which the Sellers can receive under the Earn Out is 347,642,857 Earn Out Shares.

Following Completion, the Sellers will produce a consolidated completion balance sheet in respect of the Meld Group. If this balance sheet shows net tangible assets which are less than £2,000,000, the Cash Payment will be adjusted so that an amount equal to the deficit (Adjustment Amount) will be deducted from the Cash Payment. The Sellers will pay the Adjustment Amount (if any) to the Company within seven days of the determination of the same. The Adjustment Amount cannot exceed the Cash Payment.

The Board will seek authority from the Shareholders to issue 347,642,857 Consideration Shares and up to 347,642,857 Earn Out Shares. Accordingly, completion of the Acquisition is conditional, amongst other things, on the approval of the Shareholders of Resolution 1 at the EGM.

The Placing

The majority of the net proceeds of the Placing will be used for working capital purposes with the remainder to be used to partly fund the Acquisition.

The Placing Price is at a discount of approximately 15.6 per cent. to the closing middle market price on 4 November 2013, being the last practicable date prior to the publication of this announcement.

The Placing is conditional upon, amongst other things, the approval of the Resolutions by the Shareholders at the EGM, the Agreement becoming unconditional (except for conditions which relate to the Placing) and the admission of the Placing Shares to trading on the AIM Market becoming effective on or before 8.00 a.m. on 22 November 2013 (or such later time or date as the Company and finnCap may agree, being not later than 7 December 2013).

In order to have sufficient authority to allot the Placing Shares, the Board will seek the approval of Resolution 2 which will authorise the Board to issue the Placing Shares for cash on a non pre-emptive basis. Accordingly, completion of the Placing and the Acquisition is conditional upon, amongst other things, the approval of Resolution 2 by the Shareholders at the EGM.

Application will be made for the Placing Shares and the Consideration Shares to be admitted to trading on AIM Market (“Admission”) and it is expected that Admission will take place on 22 November 2013.

The number of ordinary shares of nil par value in the capital of the Company in issue following Admission will be 2,234,507,613. The above figure may be used by Shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority’s Disclosure and Transparency Rules.
General Meeting

As set out above, the Acquisition and the allotment of the Placing Shares is conditional on Shareholder approval, and a circular convening the EGM will be sent to Shareholders shortly. The Circular will also be available on the Company’s website at: www.litebulbgroup.com

Current Trading

Since the release of the interim results for the six months to 30 June 2013 the Company has continued to trade in line with the Board’s expectations. Orders within the period since 30 June 2013 have been steady and this, along with a good pipeline of orders for the remainder of the year, gives the Board confidence in the outcome for the year.

Simon McGivern, CEO of LiteBulb, commented, “We are delighted to announce the acquisition of Meld which will increase our turnover and be immediately EBITDA enhancing.

“Meld is an established Company which will expand our product portfolio and further strengthen our relationships with key retailers. The Acquisition will also, therefore, provide cross-selling opportunities for the combined product portfolio across the combined customer base.”

“We are also delighted that shareholders have again supported us through providing the working capital necessary to maximise the opportunities for the combined group in a Placing for which there was significant demand. Following the acquisition LiteBulb will be a Company of increased scale, enabling us to pursue a greater number of ever larger opportunities.”

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About LiteBulb Group

LiteBulb Group designs, manufactures and distributes innovative brands and products to the global retail market.

LiteBulb Products, including Ila, Scootrix and Silly Socks, are sold in over 30 countries through blue chip retailers including: ASDA, BHS, Tesco, Sainsbury’s, WH Smith, Halfords, Morrisons, QVC, Next, Fenwicks and Toys R Us.

LiteBulb Creative is a creative agency with global reach, delivering compelling and agile brand extension programmes to the entertainment industry. LiteBulb Creative has designed products and campaigns for clients around the world, including Disney, Hasbro and Miramax.