



Shearwater Group

4 April 2018

SHEARWATER GROUP PLC
("Shearwater", the "Company" or the "Group")

Acquisition of GeoLang Holdings Limited

Shearwater Group plc (AIM: SWG), the digital resilience group, is pleased to announce that it has acquired the entire issued share capital of GeoLang Holdings Limited ("GeoLang" or the "Business"), an award-winning UK based provider of Data Loss Protection ("DLP") enterprise software (the "Acquisition").

- Third acquisition since launch of new digital resilience strategy
- Innovative, patent protected technology
- All share transaction with management and employees remaining with the Business
- Establishes the Company's position within the rapidly growing DLP market
- Augments the Group's GDPR and cyber security capability offering

GeoLang's innovative DLP technology platform *Ascema* has been developed over the past five years by its co-founder and current CEO, Dr. Debbie Garside, alongside the Business' core engineering team, and Chairman, Andrew Sleight (former Group Chief Technology Officer of Qinetiq PLC). GeoLang also received early stage support through an Innovate UK collaboration project with Jaguar Land Rover and the University of Surrey, and in 2015, was named as the UK's Most Innovative Small Cyber Security Company at InfoSec.

Ascema's patented technology helps organisations protect sensitive information at the content level by discovering, classifying and remediating data across the corporate infrastructure via its ability to integrate with a range of authorised enterprise applications, both on premise or within the cloud. By fingerprinting and analysing content within documents and email streams (as opposed to just the files themselves), *Ascema* is able to discover data and detect sentences from confidential information (whether within the original document or extracted and included in unclassified documents or emails), enabling the information to be quarantined or blocked in real time.

The market for DLP solutions is currently estimated to be worth US\$0.8 billion globally and is expected to grow at 16 per cent. CAGR over the next three years. Whilst traditionally deployed within highly regulated industries, DLP solutions are increasingly being more widely adopted by organisations to help them protect their critical data and information assets as regulatory compliance and data safeguarding become key priorities for companies of all sizes.

GeoLang will form part of Xcina, the Group's information security and assurance business, where it will be able to leverage the portfolio company's established infrastructure alongside accessing Shearwater Group's wider capabilities. Debbie Garside will continue to lead the Business and its engineering and support teams following Acquisition with all GeoLang employees remaining with the Business on new service agreements.

In line with the Group's stated strategy of the acquisition and development of businesses with a leading product, solution or service offering, whose full potential can be unlocked through active management and capital investment, Shearwater will look to invest in the Business to accelerate its go-to-market strategy

and as a result, the Company expects the Business to become revenue generating in its first full year within the Group.

Consideration

The total consideration for the Acquisition is £1.7 million, which will be settled through the issuance of 43,165,750 ordinary shares of the Company at an issue price of 4 pence per ordinary share to the GeoLang shareholders (the "Sellers") and the issue of up to a maximum of 14,388,578 ordinary shares of the Company on the first anniversary of completion of the Acquisition subject to the share price performance of the Company. The Group has also agreed to repay in cash all of GeoLang's £0.3 million of indebtedness on completion.

Under the terms of the Acquisition, it has been agreed with certain employees of GeoLang (including Debbie Garside and Andrew Sleigh) to holdback 12,960,179 of their consideration shares for a period of 24 months from completion ("Holdback Shares") to cover any warranty or indemnity claims during that period. Accordingly, application has been made for 30,205,571 new ordinary shares in the Company to be admitted to trading on AIM ("Admission") and Admission is expected to take place on 10 April 2018. The new ordinary shares will rank pari passu with the existing ordinary shares in issue.

Debbie Garside and certain other Sellers have agreed not to dispose of the ordinary shares issued to them on completion as described above for a period of 24 months from issue, with a further 24 month orderly sale period. All other shareholders in GeoLang have agreed not to dispose of the ordinary shares issued to them on completion as described above for a period of 12 months from issue, with a further 12 month orderly sale period.

Total Voting Rights

In accordance with the provisions of the Disclosure, Guidance and Transparency Rules of the Financial Conduct Authority, the Company confirms that, following Admission, its issued share capital will comprise 994,564,771 ordinary shares of 1p each, none of which are held in treasury. Accordingly, the total number of voting rights in the Company will therefore be 994,564,771 on Admission.

David Williams, Chairman of Shearwater, said: *"I'm delighted that Debbie and the team have joined the Group. For us, GeoLang represents another example of a great British technology business with significant potential to scale. Under Debbie's leadership and with the support of UK academia and the Government, the business is now ideally poised to take the next step on its journey, and we look forward to supporting it in its development and helping it reach its full potential."*

Dr. Debbie Garside, Co-founder and Chief Executive Officer of GeoLang, said: *"Team GeoLang are thrilled to be joining Shearwater at such a pivotal time in the business' evolution. Finding the right partner to support us in achieving our growth plans has been critical and in Shearwater, we believe we have done that. Their strategy of building a digital resilience group with such a strong UK focus resonates well with us and we are very excited about the potential for Ascema and the wider Shearwater Group as a whole."*

Michael (Mo) Stevens, Group Chief Executive Officer of Shearwater, added: *"Establishing a presence within the DLP market has been an objective since we launched our digital resilience strategy last year. GeoLang's innovative, patent protected technology will underpin our proposition within this rapidly growing sector, and by adding another "channel first" SaaS business to the Group's portfolio, we expect to see the benefits of improved cash generation over the coming years as the business scales in line with the considerable market opportunity we are seeing."*

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014 ("MAR")) prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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