

RNS Number : 1134M
Shearwater Group PLC
26 July 2017

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SHEARWATER GROUP PLC

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

Acquisition of Newable Consulting Limited

Launch of Xcina, a new Shearwater Group Company

Shearwater Group plc (AIM: SWG), the digital resilience group, is pleased to announce that it has acquired the business and assets of Newable Consulting Limited ("Newable" or the "Business"), a leading UK based provider of risk, technology, governance, cyber security assurance and advisory services (the "Acquisition").

The Business was founded in 2009 by its current Managing Directors, Mark Child and Nick Alford, whom will remain with the Business to continue to lead its operations. The Business has a wide portfolio of clients including a number of large corporates, small, medium enterprises and not-for-profit organisations, and is currently the preferred supplier of General Data Protection Regulation ("GDPR") advice through the London Digital Security Centre, a joint venture launched by the Mayor of London, with the Metropolitan Police and the City of London Police.

The initial consideration for the Acquisition is £0.6 million. An additional consideration payment of up to £0.1 million will be made to Newable, subject to the future performance of the Business. For the twelve months ended 31 March 2017, the Business generated audited revenue of £2.4 million and a loss before interest, tax, depreciation and amortisation of £0.08 million. The assets subject to the Acquisition include customer contracts, the employees of the Business and certain other tangible assets.

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 support its organic growth and meet the increasing demand for its advisory services. The Company expects the Business to become profitable in its first full year within the Group.

As part of the Acquisition, the Business has been rebranded Xcina Consulting and will form a core component of Shearwater's new information security and assurance company, Xcina.

Newable has agreed to subscribe for £0.15 million of new ordinary shares in the Company at a price of 4.143 pence per share (being the twenty trading day volume weighted average price

("VWAP"). Accordingly, application has been made for 3,620,806 new ordinary shares in the Company to be admitted to trading on AIM ("Admission") and Admission is expected to take place on 27 July 2017. The new ordinary shares will rank pari passu with the existing ordinary shares in issue. In accordance with the provisions of the Disclosure, Guidance and Transparency Rules of the Financial Conduct Authority, the Company confirms that, following the issue of such ordinary shares, its issued share capital will comprise 964,359,200 ordinary shares of 1p each. All of these ordinary shares have equal voting rights and none of the ordinary shares are held in treasury. The total number of voting rights in the Company will therefore be 964,359,200 on Admission.

Newable has also agreed to subscribe for ordinary shares in the Company on a twenty trading day VWAP basis, once any additional consideration has been determined.

Newable has agreed not to dispose of the ordinary shares issued to it as described above for a period of 12 months from issue, with a further 12 month orderly sale period.

Launch of Xcina, a new Shearwater Group Company

At the same time, the Group is also pleased to announce the launch of Xcina Limited, a new Shearwater Group company. Headquartered in the City of London (UK), Xcina has been established through a combination of organic and inorganic development and is focused on the provision of information security and assurance solutions and services aimed at helping companies prepare for the increasing legislative and regulatory demands on how data is held and processed, and the ongoing monitoring, analysis, detection and response to cyber threats.

Xcina's two service offerings comprise, Xcina Consulting (formed through the acquisition of the Business), which is focused on providing governance, compliance, cyber security and technology risk assurance and advisory services, and Xcina Services, a provider of Security Operations Centre ("SOC") services, data analytics, threat intelligence and incident response.

As part of this, the Group is currently implementing a number of organic growth initiatives and evaluating incremental acquisitions and strategic partnerships within the UK, which if secured, would accelerate the development of Xcina Services. The Group expects to make further announcements in due course regarding these and additional key senior appointments to Xcina.

Xcina will serve a broad range of large corporates, small, medium enterprises and not-for-profit organisations across a variety of industry verticals, where clients are seeking to embed digital resilience within their organisations in an affordable and cost-effective manner.

In line with SecurEnvoy, the Group's first acquisition, Xcina will also benefit from being able to leverage the collective expertise of the Group's Board and Advisory Panel, and access to Shearwater resources in support of its growth strategy.

For more information, please visit www.xcina.co.uk.

David Williams, Chairman of Shearwater, said: *"I would like to welcome Mark, Nick and the team to Shearwater and I'm thrilled we have been able to secure their services and Newable's consulting business. Mark and Nick are highly experienced technology and risk management practitioners and we will support them in continuing to provide their clients with the high quality assurance and advisory services they have come to expect.*

"Representing our second acquisition this year, it is another example of partnering with industry leading operators who can see the merits of joining Shearwater to benefit from the wider market opportunities that our experienced Board can access."

Mark Child, former Managing Director of Newable Consulting and newly appointed Managing Director of Xcina Consulting, said: *"We are delighted to be joining Shearwater Group. It became clear to us very early on through our meetings with David and Mo that this was the right home for the business. As part of Xcina, we have access to resources to support us in continuing to advise our tremendously loyal client base, whilst providing the foundations to facilitate our development as a leading governance, compliance, cyber security and technology risk assurance and advisory business."*

Michael (Mo) Stevens, Group Chief Executive Officer of Shearwater, added: *"The development of an information security and assurance capability has been a key objective of the Group since we formally launched our new digital resilience strategy at the turn of the year. With Xcina, we now have a platform from which we can deliver this capability, immediately providing companies with market leading services and solutions which aim to protect their most critical data and information assets. We are extremely excited about the future opportunities for Xcina."*

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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