

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.**

**If you have recently sold or transferred all of your shares in Shearwater Group plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.**

## **Shearwater Group plc**

*(Incorporated and registered in England & Wales with registered number: 05059457)*

### **Notice of 2018 Annual General Meeting**

Notice of the AGM of the Company, to be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on Thursday 27 September 2018 at 11.00 a.m., is set out at the end of this document. The accompanying Form of Proxy for use in connection with the AGM should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen B62 8HD no later than 11.00 a.m. on Tuesday 25 September 2018. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the AGM should they so wish.

# Letter from the Chairman of the Company

*(Incorporated and registered in England and Wales with registered number 05059457)*

*Registered office:*  
22 Great James Street  
London WC1N 3ES

*Directors:*

David Williams (*Chairman*)  
Michael (Mo) Stevens (*Chief Executive Officer*)  
Robin Southwell (*Non-executive Director*)  
Stephen Ball (*Non-executive Director*)  
Giles Willits (*Non-executive Director*)

30 August 2018

Dear Shareholder

## **Notice of 2018 Annual General Meeting of Shearwater Group plc (the “Company”)**

The 2018 annual general meeting (“**2018 AGM**”) of the Company is to be held at 11.00 a.m. on Thursday 27 September 2018 at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF. The notice convening the 2018 AGM is set out on pages 6 to 10 of this document.

Shareholders of the Company (“**Shareholders**”) will be asked to approve eight resolutions at the meeting. Resolutions 1 to 5 represent routine business of the Company at its annual general meeting and require an ordinary resolution, that is, are required to be approved by Shareholders who together represent a simple majority of the ordinary shares in the Company present and voting (whether in person or by proxy) at the meeting. Resolutions 6 to 8 represent special business of the Company. Resolution 6 requires an ordinary resolution to be passed, and Resolutions 7 and 8 require special resolutions to be passed, that is, are required to be approved by Shareholders who together represent 75 per cent. of the ordinary shares in the Company present and voting (whether in person or by proxy) at the meeting.

The resolutions are summarised below:

### **Resolutions 1 and 2 – Accounts and directors’ remuneration report**

The directors will present to the meeting the audited accounts and the directors’ and auditor’s reports (which includes the directors’ remuneration report) for the financial year ended 31 March 2018 (“**2018 Annual Report**”). Resolution 1 asks that the 2018 Annual Report be received by Shareholders. Resolution 2 asks that the directors’ remuneration report be approved on an advisory vote.

### **Resolution 3 – Re-election of David Williams**

The Company’s Articles of Association provide that each director shall retire and is eligible for election or re-election at the annual general meeting held in the third calendar year following his last appointment, election or re-election. Accordingly, David Williams will retire immediately prior to the 2018 AGM and will offer himself for re-election as a director at the 2018 AGM.

### **Resolutions 4 and 5 – Appointment and remuneration of auditors**

It is the Company’s practice that its auditors are appointed at every annual general meeting of Shareholders at which accounts are presented. The current appointment of BDO LLP as the Company’s auditors will end at the conclusion of the 2018 AGM. The Company proposes to appoint BDO LLP as its auditors for the year ended 31 March 2019 and BDO LLP has advised the directors of its willingness to stand for appointment. Resolution 4 proposes to appoint BDO LLP as auditors of the Company. In addition, it is the Company’s normal practice for the directors to be authorised to agree how much the auditors should be paid and Resolution 5 grants this authority.

## **Resolution 6 – Issues of share capital**

The authority conferred on the directors at the annual general meeting held on 29 September 2017 to allot shares or to grant rights to subscribe for, or convert any security into, shares in the share capital of the Company expires at the end of the 2018 AGM.

Paragraph (a) of this Resolution will, if passed, renew the directors' authority to allot shares, or grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of £3,314,589.51. This amount represents 33.3 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) as at 29 August 2018 (being the latest practicable date before publication of the notice of the 2018 AGM).

Paragraph (b) of this Resolution will, if passed, renew the directors' authority to allot further of the Company's unissued shares up to an aggregate nominal amount of £6,629,179.01. This amount represents 66.6 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) as at 29 August 2018 (being the latest practicable date before publication of the notice of the 2018 AGM) in connection with a pre-emptive offer to existing shareholders by way of a rights issue. This amount would be reduced by the aggregate nominal value of any allotments or grants under paragraph (a) of this Resolution. This is in accordance with the most recent institutional guidelines.

These authorities will expire at the end of the next AGM of the Company after this Resolution is passed or, if earlier, at the close of business on 26 December 2019. The directors intend to seek renewal of these authorities at future AGMs.

## **Resolution 7 – Disapplication of statutory pre-emption rights**

This special resolution will, if passed, renew the power conferred on the directors at the annual general meeting held on 29 September 2017 to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, or sell treasury shares in each case for cash without first offering those shares to existing shareholders. Other than in connection with a rights issue or any other pre-emptive offer concerning equity securities, the authority contained in this Resolution 7 will be limited to the issue of shares for cash up to an aggregate nominal value of £995,372.22 (which includes the sale on a non pre-emptive basis of any shares held in treasury). This represents 10 per cent. of the nominal value of the Company's issued ordinary share capital (excluding treasury shares) as at 29 August 2018 (being the latest practicable date before publication of the notice of the 2018 AGM).

The directors have no present intention of exercising this power but believe it is in the interests of Shareholders for the directors to have this flexibility to allot shares for cash and to sell treasury shares for cash in those limited circumstances in line with the Company's strategy.

This power will expire at the end of the next AGM of the Company after this Resolution is passed or, if earlier, at the close of business on 26 December 2019. The directors intend to seek renewal of this authority at future AGMs.

## **Resolution 8 – Purchase of own shares**

The authority conferred on the directors at the annual general meeting held on 29 September 2017 for the Company to make market purchases of its own ordinary shares expires at the end of the 2018 AGM.

The directors have no present intention of exercising the power to purchase any of the Company's ordinary shares but consider it prudent to retain their ability to do so. The directors will only exercise the authority if they are satisfied that this is, in their opinion, in the best interests of the Company and Shareholders generally.

If these purchases were made, the Company would be able to do either or a combination of the following:

- a) cancel the purchased ordinary shares so reducing the total number of ordinary shares in issue; or
- b) where the shares were purchased out of distributable profits, subject to certain limitations, hold them as treasury shares.

Treasury shares themselves may be cancelled, sold for cash or transferred for the purposes of the Company's employee share schemes. The statutory pre-emption rights apply to a sale of treasury shares for cash and the disapplication of the statutory pre-emption rights in Resolution 7 applies to any sales of treasury shares for cash which may occur.

This resolution, which will be proposed as a special resolution, authorises the directors to purchase up to a maximum of 99,537,222 ordinary shares, being 10 per cent. of the issued share capital of the Company as at 29 August 2018 (the latest practicable date before publication of the notice of the 2018 AGM), and provides that the maximum price per ordinary share payable on any exercise of the authority shall not be more than the higher of:

- a) an amount equal to 105 per cent. above the market value of an ordinary share for the five business days prior to making any purchase; and
- b) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out.

The minimum price payable shall be not less than 1 pence per ordinary share, being the nominal value of an ordinary share. For this purpose, both the maximum and minimum prices permitted to be paid are exclusive of expenses.

This authority will expire at the end of the next AGM of the Company after this Resolution is passed or, if earlier, at the close of business on 26 December 2019. The directors intend to seek renewal of this authority at future AGMs.

#### **Action to be taken**

You will find enclosed with this document a form of proxy (the "Form of Proxy") for use in connection with the 2018 AGM. Whether or not you are able to attend the 2018 AGM, you are requested to complete the Form of Proxy and return it to the Company's registrars, Neville Registrars at Neville House, Steelpark Road, Halesowen B62 8HD so as to arrive as soon as possible but in any event not later than 11.00 a.m. on Tuesday 25 September 2018.

The return of the appropriate Form of Proxy will not prevent you from attending the 2018 AGM and voting in person if you are entitled to do so and so wish.

**If the Form of Proxy is not completed and returned by 11.00 a.m. on Tuesday 25 September 2018 your vote at the 2018 AGM will not count.**

#### **Recommendation**

**The directors consider that each of the proposed Resolutions to be considered at the 2018 AGM are in the best interests of the Company and shareholders as a whole. Accordingly, the directors recommend that you vote in favour of them as each of the directors intends to do in respect of their own beneficial holding of shares in the Company, which, as at 29 August 2018 (being the latest practicable date before publication of the notice of the 2018 AGM) amount in aggregate to 160,355,733 ordinary shares representing approximately 16.11 per cent. of the existing issued ordinary share capital of the Company.**

Yours faithfully

**David Williams**  
*Chairman*

## NOTICE OF AGM

Notice is hereby given that the 2018 annual general meeting (“2018 AGM”) of Shearwater Group plc will be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on 27 September 2018 at 11.00 a.m. for the following purposes:

As ordinary business to consider and, if thought fit, pass Resolutions 1 to 5 inclusive which will be proposed as ordinary resolutions.

1. To receive the directors’ and auditors’ reports and the financial statements for the year ended 31 March 2018.
2. To approve the remuneration report for the year ended 31 March 2018 on page 31 and pages 40 to 42 of the directors’ report.
3. To re-elect David Williams who retires as a director and, being eligible, offers himself for re-election as a director at the 2018 AGM.
4. To re-appoint BDO LLP as auditors to the Company to hold office until the conclusion of the next annual general meeting of the Company.
5. To authorise the directors to determine the auditors’ remuneration.

As special business to consider and, if thought fit, pass the following Resolutions of which Resolution 6 will be proposed as an ordinary resolution and Resolutions 7 and 8 will be proposed as special resolutions:

6. THAT the directors are generally and unconditionally authorised for the purpose of s551 Companies Act 2006 to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (“Rights”):
  - (a) up to a maximum aggregate nominal amount of £3,314,589.51; and
  - (b) comprising equity securities (as defined in s560 Companies Act 2006) up to an aggregate nominal amount of £6,629,179.01 (that amount to be reduced by the aggregate nominal amount of shares allotted or Rights granted under paragraph (a) of this resolution) in connection with an offer by way of rights issue:
    - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

These authorities shall expire (unless previously renewed, varied or revoked) at the end of the next annual general meeting of the Company after this resolution is passed or, if earlier, at the close of business on 26 December 2019 but, in each case, so that the Company may make offers and enter into agreements before that expiry which would, or might, require shares to be allotted or Rights to be granted after that expiry and the directors may allot shares or grant Rights pursuant to any of those offers or agreements as if the authority had not expired.

7. THAT, in substitution for all existing powers and subject to the passing of Resolution 6, the directors are generally empowered pursuant to s570(1) Companies Act 2006 to allot equity securities (as defined in s560 Companies Act 2006) for cash pursuant to the general authority conferred on them by Resolution 6 as if s561(1) Companies Act 2006 did not apply to that allotment. This power:
- (a) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority in Resolution 6(b) by way of rights issue only):
    - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the directors otherwise consider necessary,and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;
  - (b) shall be limited to the allotment of equity securities for cash pursuant to the authority in Resolution 6(a) (otherwise than in the circumstances set out in paragraph (a)) up to an aggregate nominal amount of £995,372.22.

These authorities expire (unless previously renewed, varied or revoked) at the end of the next annual general meeting of the Company after this resolution is passed or, if earlier, at the close of business on 26 December 2019 but so that the Company may make offers and enter into agreements before that expiry which would, or might, require equity securities to be allotted after that expiry and the directors may allot equity securities pursuant to any of those offers or agreements as if this power had not expired.

These authorities apply in relation to a sale of shares which is an allotment of equity securities by virtue of s560(3) Companies Act 2006 as if in the first paragraph of this resolution the words “pursuant to the general authority conferred on them by Resolution 6” were omitted.

For the purposes of this resolution, references to the allotment of equity securities shall be interpreted in accordance with s560 of the Companies Act 2006.

8. THAT the Company is generally and unconditionally authorised for the purposes of s701 Companies Act 2006 to make one or more market purchases (within the meaning of s693(4) Companies Act 2006) of ordinary shares in its capital provided that:
- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 99,537,222;
  - (b) the minimum price (excluding expenses) which may be paid for an ordinary share is not less than 1 pence;
  - (c) the maximum price which may be paid for an ordinary share is in respect of an ordinary share contracted to be purchased on any day, not more than the higher of:
    - (i) an amount (excluding expenses) equal to 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange plc’s Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
    - (ii) an amount (excluding expenses) equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out; and

- (d) this authority expires at the end of the Company's next annual general meeting after this resolution is passed or, if earlier, at the close of business on 26 December 2019 but the Company may make a contract of purchase of any ordinary shares which would, or might, be concluded wholly or partly after that expiry and may make a purchase of ordinary shares pursuant to such a contract as if this authority had not expired.

By order of the Board

**Paul McFadden**  
*Company Secretary*

30 August 2018

*Registered office:*  
22 Great James Street  
London WC1N 3ES

Company Number: 05059457

## NOTES:

- (a) Only those shareholders entered on the relevant register of members of the Company at 11.00 a.m. on 25 September 2018 will be entitled to attend or vote at the 2018 AGM in respect of the number of shares registered in their name at the time. Changes to entries on the relevant register after that deadline will be disregarded in determining the rights of any person to attend or vote at the 2018 AGM. Should the 2018 AGM be adjourned to a time not more than 48 hours after the deadline, the same deadline will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned AGM. Should the 2018 AGM be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned AGM or, if the Company gives notice of the adjourned AGM, at the time specified in the notice.
- (b) Any member may appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy in relation to the 2018 AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member, but must attend the meeting in person. A proxy need not be a member. Proxy forms should be lodged with the Company's Registrar or submitted not later than 11.00 a.m. on 25 September 2018. Completion and return of the appropriate proxy form does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes.
- (c) Any person to whom this notice is sent who is a person nominated under s146 Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement with the member who nominated him/her, have a right to be appointed, or have someone else appointed, as a proxy for the 2018 AGM. If a Nominated Person does not have this right or does not wish to exercise it, he or she may have a right under such an agreement to give the member voting instructions.
- (d) The statement of the rights of members in relation to the appointment of proxies in Note (b) does not apply to Nominated Persons.
- (e) As at 29 August 2018 (being the last working day before publication of this notice), the Company's issued share capital consisted of 995,372,224 Ordinary Shares, carrying one vote each. The Company does not hold any ordinary shares in treasury. So, the total voting rights in the Company as at that date are 995,372,224.
- (f) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- (g) Under s527 Companies Act 2006, members meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the 2018 AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with s437 Companies Act 2006. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with ss527 or 528 Companies Act 2006. Where the Company is required to place a statement on a website under s527 Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the 2018 AGM includes any statement that the Company has been required, under s527 Companies Act 2006, to publish on a website.
- (h) A copy of this notice and other information required by s311A Companies Act 2006 can be found at [www.theshearwatergroup.co.uk](http://www.theshearwatergroup.co.uk).
- (i) Any member attending the 2018 AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no answer needs to be given if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or if the answer has already been given on a website in the form of an answer to a question or, finally, if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (j) Except as set out in the notes to this notice, any communication with the Company in relation to the 2018 AGM, including in relation to proxies, should be sent to the Company's Registrars Neville Registrars at Neville House, Steelpark Road, Halesowen B62 8HD. No other means of communication will be accepted. In particular, you may not use any electronic address provided either in this notice or in any related documents (including the annual report and accounts for the year ended 31 March 2018 or the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
- (k) Copies of directors' service contracts with the Company and with any of its subsidiary undertakings and letters of appointment of non-executive directors will be available for inspection at the Company's registered office at 22 Great James Street, London WC1N 3ES (during normal business hours on any weekday (Saturdays and English public holidays excepted)) from the date of this notice until the conclusion of the 2018 AGM. Such documents will also be available for inspection at the place of the 2018 AGM on the day of the 2018 AGM from at least 15 minutes prior to the meeting and during the meeting.