

2 September 2019

## SHEARWATER GROUP PLC

### Proposed Share Capital Reorganisation

#### Notice of AGM and Posting of Annual Report

Shearwater Group plc (AIM: SWG, "Shearwater" or the "Company"), today announces a proposed share capital reorganisation ("**Capital Reorganisation**") of the existing ordinary share capital of the Company.

The effect of the proposed Capital Reorganisation will be to reduce the number of issued ordinary shares in the Company by a factor of 100, which is expected to increase the trading price of the resulting ordinary share proportionally and to increase the ratio between the nominal value of an ordinary share and the current trading price to a more normal level.

The Board considers the Capital Reorganisation to be in the best interests of the Company and the shareholders of the Company ("**Shareholders**"). In particular, it believes the effect of the Capital Reorganisation will improve the market liquidity of the Company's ordinary shares by reducing the volatility and spread of trading activity and make the Company's ordinary shares more attractive to a broader range of institutional investors and other members of the investing public, both within the UK and overseas.

As it is proposed that all existing ordinary shares held in the Company be consolidated, the proportion of the issued ordinary share capital of the Company held by each Shareholder immediately before and after the Capital Reorganisation will remain relatively unchanged, other than for small changes that may arise from the rounding for fractional entitlements.

Implementation of the Capital Reorganisation requires the approval of Shareholders. This approval is being sought at the Company's annual general meeting ("**AGM**"), which is scheduled to be held at 11.00 a.m. on Wednesday 25 September 2019 at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF at which the resolution necessary to give effect to the Capital Reorganisation will be put to Shareholders, alongside other resolutions customarily put to Shareholders as part of the Company's AGM process.

The notice of AGM, which provides details of the Capital Reorganisation, and form of proxy, is today being sent to Shareholders, along with the copies of the Annual Report and Accounts for the year ended 31 March 2019. The notice of AGM and Annual Report and Accounts are also being made available at the Company's website, [www.shearwatergroup.com](http://www.shearwatergroup.com).

#### Further details in relation to the Capital Reorganisation

As at the date of the AGM, the Company's issued ordinary share capital will consist of 2,210,646,000 ordinary shares of 1 pence each. This is a significant number of shares for a Company with a market capitalisation of approximately £42.6 million as of 30 August 2019. The Board believes that the Capital Reorganisation is necessary in order to increase the marketability of the Company's Ordinary Shares through the creation of a higher price per Ordinary Share and a more normal ratio between the market price and the nominal value. The Board believes that the Capital Reorganisation will result in a capital structure more conducive to attracting new institutional investors based both in the UK and in other overseas jurisdictions. The Board also believes that the Capital Reorganisation will increase market liquidity of the Company's shares by reducing the volatility and spread of the Company's shares and make trading in the Company's shares more attractive to a broader range of institutional investors and other members of the investing public.

The Company's issued ordinary share capital currently consists of 2,210,645,984 ordinary shares of 1 pence each. An additional 16 ordinary shares have been allotted and issued, subject to admission of such ordinary shares to trading on AIM, for the purposes of financing with the proceeds of such issue, the purchase by the Company of the Deferred Shares (as defined below) which will be created as a

result of the Capital Reorganisation. Accordingly, on the date of the AGM, the Company's issued ordinary share capital will consist of 2,210,646,000 (a number that is easily divisible by 100) ("**Existing Ordinary Shares**").

The Capital Reorganisation will comprise two elements:

- Consolidation - Every 100 Existing Ordinary Shares will be consolidated into one ordinary share of £1 (a "**Consolidated Share**").
- Sub-division - Immediately following the consolidation, each Consolidated Share will then be sub-divided into one new Ordinary Share of 10 pence (a "**New Ordinary Share**") and one deferred share of 90 pence (a "**Deferred Share**").

If the relevant resolution is passed, the Capital Reorganisation will become effective at close of business on the day of the AGM.

The Capital Reorganisation will give rise to fractional entitlements to shares. Any new shares in respect of which there are fractional entitlements will be aggregated and sold in the market for the best price reasonably obtainable on behalf of Shareholders entitled to fractions, save where the net proceeds of sale amount to £5.00 or less, in which case the Company will not distribute such proceeds of sale, which instead shall be retained for the benefit of the Company. Given the current price of the Existing Ordinary Shares, the Company does not anticipate that the net proceeds of sale attributable to any Shareholder entitled to fractions will be more than £5.00, and therefore it is expected that there will be no distribution of any net proceeds of sale to Shareholders.

If a Shareholder holds fewer than 100 Ordinary Shares as at the Record Date, such that the rounding down process results in a Shareholder being entitled to zero Consolidated Shares, then they will cease to hold any New Ordinary Shares in the Company following the completion of the Capital Reorganisation.

The New Ordinary Shares arising on implementation of the Capital Reorganisation will have the same rights and benefits as the Existing Ordinary Shares, including voting, dividend and other rights. The Deferred Shares will not entitle holders to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return on capital on a winding up other than the nominal amount paid on such shares following a substantial distribution to the holders of ordinary shares in the Company.

Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's intention that, at an appropriate time, the Company may repurchase the Deferred Shares, cancel or seek the surrender of the Deferred Shares using such lawful means as the Board may at such time determine.

The following table shows the expected issued share capital of the Company immediately prior to the AGM and following the AGM if the Capital Reorganisation is approved:

	<i>Number of issued ordinary shares</i>	<i>Number of issued Deferred Shares</i>	<i>Aggregate nominal value of shares in the Company (£)</i>
Immediately prior to the AGM	2,210,646,000	0	22,106,460
Following close of business on the date of the AGM	22,106,460	22,106,460	22,106,460

The Company intends to adjust awards under the Group's share incentive plans accordingly to preserve the position of participants.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. Dealings in the Existing Ordinary Shares will cease at close of business on the date of the AGM and dealings in the New Ordinary Shares are expected to commence the following day. The Deferred Shares will not be admitted to trading on AIM.

The ISIN code for the New Ordinary Shares is GB00BKT6VH21 and the SEDOL number is BKT6VH2.

Assuming that the necessary resolution to approve the Capital Reorganisation is passed at the AGM, it is anticipated that CREST accounts for Shareholders who hold their Existing Ordinary Shares in uncertificated form will be credited with the New Ordinary Shares to which they are entitled on 26 September 2019 or as soon as practicable after the Capital Reorganisation becomes effective.

The Company will issue new share certificates to those Shareholders holding Existing Ordinary Shares in certificated form to take account of the Capital Reorganisation. Following the issue of new share certificates, share certificates in respect of Existing Ordinary Shares will no longer be valid.

No share certificates will be issued for, and CREST accounts will not be credited with, the Deferred Shares.

#### **Expected timetable of principal events**

Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 23 September 2019
Annual General Meeting	11.00 a.m. on 25 September 2019
Cessation of dealing in Existing Ordinary Shares	Close of business on 25 September 2019
Record date for Capital Reorganisation	Close of business on 25 September 2019
Admission and dealings in the New Ordinary shares expected to commence on AIM	8.00 a.m. on 26 September 2019
Expected date for New Ordinary Shares to be credited to CREST accounts (where applicable)	8.00 a.m. on 26 September 2019
Despatch of Share Certificates in respect of New Ordinary Shares to non-CREST Shareholders	Within 14 days of admission

#### **Enquiries:**

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#### **About Shearwater Group plc**

Shearwater Group plc is an award-winning organisational resilience group that provides cyber security and managed security services to help assure and secure businesses in a connected global economy.



The Group's comprehensive cyber security solutions and services maintain trust between users, provide assurance around the protection of information assets and critical infrastructure, and support organisations' operational effectiveness. Its capabilities include identity and access management and data security, cyber security solutions and managed security services, and security governance, risk and compliance.

The Group is headquartered in the UK with offices in the US, UK and Europe, serving customers across the globe who are active in a broad spectrum of industries.

Shearwater shares are listed on the London Stock Exchange's AIM under the ticker "SWG". For more information, please visit [www.shearwatergroup.com](http://www.shearwatergroup.com).