

20 August 2020

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

Trading update
Positive momentum sustained

Shearwater Group plc (AIM: SWG), the organisational resilience group, is pleased to announce a trading update following publication of the Group's final results in July 2020. This update is provided in response to the continued macro-economic uncertainty and reflects Shearwater's commitment to shareholder communication.

The Group continues to generate good levels of revenue, in line with expectations, driven through contract renewals from its existing customer base and supplemented by new business wins. New business wins this financial year include contracts secured with two existing clients: a global bank providing a three year cyber service and protection solution, and a UK based multimedia services and telecom provider, to carry out additional data base protection and monitoring services in additional regional locations.

Underlying EBITDA profit* is also tracking in line with expectations, reflecting the benefit of the Group's focus on increased efficiencies and higher margin offerings across both its software and services divisions. With a continued focus on prudent cash management this has led to high levels of cash conversion.

The Group has a strong balance sheet position with unaudited gross cash as at 31 July 2020 of £4.1m plus an undrawn revolving facility of £4.0m, positioning it well for future opportunities.

In line with the Group's strategic focus to complement organic growth with acquisitions, the executive management team remain engaged with potential targets and whilst there are a healthy number of opportunities in the pipeline, the Group remains committed to maintaining strict acquisition discipline, pursuing only those opportunities which have a clear strategic fit and which will have the ability to enhance value for all stakeholders.

Phil Higgins, Chief Executive Officer, said:

"Following on from the strategic progress achieved in the prior year, where we reported our first year of underlying profitability, we are pleased to report continued positive momentum through the beginning of Q2 2020.

Despite the impacts of Covid-19 we have seen a robust level of incoming new business enquiries both domestically and internationally and a continuance of long-term critical projects. We therefore remain cautiously optimistic around the outlook for the coming year. In addition, we continue our conversations with potential acquisition targets. In the longer term, the opportunity to develop a quality, scaled UK organisational resilience Group has only grown and we are confident we have the right platform in place to deliver on the opportunity."

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About Shearwater Group plc

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

The Group's comprehensive cybersecurity solutions and services maintain trust between users, assure the protection of information assets and critical infrastructure, and support organisations' operational effectiveness. Its capabilities include identity and access management and data security, cybersecurity 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.

*Underlying EBITDA defined as profit before tax, before one off exceptional items, share based payments, finance charges, depreciation, amortisation and fair value adjustment for deferred consideration.