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3 April 2024

Shearwater Group PLC

("Shearwater", or the "Group")

FY24 Trading Update

Shearwater Group plc, the cybersecurity, advisory and managed security services group, announces an update on trading for the financial year ended 31 March 2024 ("FY24").

As guided at the half year, trading is traditionally weighted to the second half and whilst the Group was bolstered at the beginning of Q3 with visibility of sales opportunities across both the Services and Software divisions, it continued to experience delays in concluding larger contracts which were expected and remain in negotiation.

Revenue in FY24 is expected to be c.£22.5m (FY23: £26.7m), with Adjusted EBITDA¹ returning to profit compared to the prior year at just under £1m (FY23: £(0.2)m). Whilst this unaudited financial performance was below market expectations² the Group continues to maintain a healthy balance sheet with year end cash at £5m, in line with market expectations, £1m ahead of the prior year and £3m higher than the cash position at the half year, reflecting the expected cash generation in the second half.

The Board is reassured by a particularly strong renewal schedule for FY25 and a number of high value contracts in advanced negotiations with blue chip customers, providing confidence in returning to growth during FY25. The new year has started well, with the first scheduled contract renewal already secured, to a value of £1.4 million. The deal has been signed with a British media and telecommunications company, for an enhanced and renewed data protection service with Brookcourt Solutions.

Phil Higgins, CEO of Shearwater Group, commented: *"Although we are understandably disappointed by our performance this year, there are compelling reasons for optimism as we look ahead. Our confidence in achieving growth in FY25 and beyond remains strong. Notably, our new business opportunity pipeline has reached an exceptionally robust level, and we are actively negotiating several substantial contracts."*

David Williams, Chairman of Shearwater Group, commented: *"With small company valuations continuing to remain under considerable pressure, it is important to note that nearly half of the Shearwater market valuation is represented by the £5 million of cash announced today. This attributes precious little value for what is a profitable company with a solid market position and growth opportunities, and one in which the Board continues to see growth potential as we strive to improve returns."*

¹ Adjusted EBITDA is defined as profit before tax, before one off exceptional items, share based payment charges, finance charges, impairment of intangible assets, depreciation and amortisation.

² The Company considers current consensus market expectations, ahead of this trading update, for the year ended 31 March 2024 are for revenues of £32.5m and Adjusted EBITDA of £2.5m.

All figures are subject to finalisation following the year end and are unaudited.

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About Shearwater Group plc

Shearwater Group plc is an award-winning group providing cyber security, managed security and professional advisory solutions to create a safer online environment for organisations and their end users.

The Group's differentiated full service offering spans identity and access management and data security, cybersecurity solutions and managed security services, and security governance, risk and compliance. Its growth strategy is focused on building a scalable group that caters to the entire spectrum of cyber security and managed security needs, through a focused buy and build approach.

The Group is headquartered in the UK, serving customers globally across 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.

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