

RNS Number : 9558J
ECSC Group PLC
17 April 2020

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

17 April 2020

ECSC Group plc
("ECSC" or the "Company" or the "Group")

Placing to raise £0.5 million

ECSC (AIM: ECSC), the provider of cyber security services, is pleased to announce a placing of 909,091 new ordinary shares of 1 penny each in the Company ("Placing Shares") at a price of 55 pence per share ("Issue Price") to raise £0.5 million, before expenses (the "Placing").

Ian Mann, Chief Executive Officer of ECSC, commented: "Following our well received annual results, and expressions of interest from both existing and new investors, we are pleased to announce this successful placing. We particularly welcome the participation of four new shareholders. In addition to enhancing our cash position, this placing also helps us to prepare for post COVID-19 opportunities. Current rapid changes in remote working comes with increased cyber security risks and ECSC continues to be ideally placed to help organisations prevent, detect and respond to the resulting incidents."

Placing highlights

- The Placing was subscribed to by both new and existing investors.
- The Company intends to use the net proceeds of the Placing as follows:
 - to ensure the Company is sufficiently well capitalised to take advantage of longer-term growth opportunities once the COVID-19 situation stabilises; and
 - to strengthen the balance sheet amidst the uncertainty caused by the COVID-19 pandemic in order to reassure clients.
- The Placing utilises the Company's existing authority to issue new ordinary shares for cash on a non-pre-emptive basis.

Background to and reasons for the Placing

As highlighted in the Company's recently published annual report and accounts for the year ended 31 December 2019, the Company has experienced continued growth and a recent return to adjusted EBITDA profitability and cash generation. This continued organic growth has been driven by market demand as a result of an increasing awareness of cyber security within

corporate boardrooms and a Company strategy to deliver cyber security services to meet the evolving challenges that its clients face.

One of the impacts of COVID-19 has been a move to more remote and cloud-based working by organisations which the Directors believe will lead to an increased need for cyber security. The Board therefore consider it appropriate to undertake the Placing at the current time in order to strengthen the Company's balance sheet and provide the Company with the resources to ensure it is sufficiently well capitalised to take advantage of these longer-term opportunities.

Details of the Placing and admission to AIM

The Company has raised £500,000 before expenses. Pursuant to the Placing, the Company will receive net proceeds of approximately £449,000. The Placing will result in the issue of a total of 909,091 Placing Shares, representing, in aggregate, approximately 9.08 per cent. of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing Price represents a discount of approximately 31.82 per cent. to the closing mid-market price per existing ordinary share of 72.5 pence on 16 April 2020, being the last practicable trading day prior to release of this announcement. The Placing Shares have been issued utilising the Company's existing share authorities.

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of 1 penny each of the Company in issue and therefore will rank equally for all dividends or other distributions declared, made or paid after the issue of the Placing Shares on Admission (as defined below).

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("Admission"). It is anticipated that Admission will occur, and dealings will commence in the Placing Shares at 8:00 a.m. on or around 1 May 2020 and in any event no later than 5.00 p.m. on 15 May 2020.

Total Voting Rights

Following Admission, the Company will have 10,007,588 ordinary shares of 1 penny each in issue, each with one voting right. There are no shares held in treasury. Therefore, the Company's total number of ordinary shares and voting rights is 10,007,588. This figure may be used by shareholders from Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Enquiries:

ECSC Group plc (including press enquiries)
David Mathewson, Non-Executive Chairman
Ian Mann, Chief Executive Officer

+44 (0) 1274 736 223

Allenby Capital Limited (Nominated Adviser and Broker)
David Hart
Nicholas Chambers

+44 (0) 203 3285 656

For more information please visit the following:

<https://investor.ecsc.co.uk/>

Notes to Editors

AIM listed ECSC Group plc, is the UK's longest running, full service cyber security provider. Its consultancy-led approach, in addition to its custom methodologies and in-house proprietary technologies, enables ECSC to support all organisations across every sector. ECSC has significant intellectual property, including Artificial Intelligence delivering remotely managed cyber security breach detection.

Established in 2000, ECSC operates from two Security Operations Centres (SOCs), one in the UK, based in Yorkshire and the second in Brisbane, Australia allowing ECSC to provide true 24/7/365 cyber security monitoring, detection and incident response. ECSC also helps organisations test their cyber security, prevent breaches and achieve industry certifications.

The senior management team has over 80 years' combined experience within the Company, and has delivered consecutive organic growth for the last 20 years.

ECSC's client list ranges from e-commerce start-ups to global organisations, and the Company counts 10 per cent. of the FTSE 100 amongst its clients.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing and Subscription. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.