

ECSC Group plc
(“ECSC” or the “Company”)

In the Company's admission document, published in connection with the admission to trading of the Company's shares on AIM ("Admission"), the intention of the board to grant options to certain senior employees following Admission was noted. These employees included Lucy Sharp, Chief Operations Officer and a director of ECSC. The Company has, as explained below, now received the necessary consents and accordingly announces the grant of options to Lucy Sharp (the "LS Options"). The options are to be granted in two tranches. First, 69,758 share options to be granted immediately at a price of 167 pence (the "IPO Price") and second, up to a further 250,000 options to be granted at the discretion of the remuneration committee in up to 2 further tranches over the next 2-3 years at the prevailing mid-market price on the respective date of the grant (together, the "Grant"). The proposed Grant would be subject, in each case, to a 3-year vesting period.

Ms Sharp is a member of the Mann Concert Party, as defined in the Company's Admission Document.

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Takeover Code, which is administered and enforced by the Takeover Panel (the "Panel"), when the acquisition of interests in shares by members of a group acting in concert would otherwise result in an obligation to make a general offer under Rule 9 of the Code (the "Rule 9 Offer"), the Panel would normally grant a waiver if, *inter alia*, the shareholders of the Company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him or her (the "Independent Shareholders") pass an ordinary resolution on a poll at a general meeting (a "Whitewash Resolution") approving the proposals giving rise to the obligation to make an offer and the waiver of it by the Panel. The Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50 per cent. of the Company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the Company at a general meeting ("Accelerated Whitewash").

The Company has approached Independent Shareholders holding more than 50 per cent. of the Company's shares capable of being voted on such a resolution and has obtained confirmation in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the Company at a general meeting. The Company has subsequently approached the Panel and successfully obtained its permission to waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code). Accordingly, no general meeting is required to be held in relation to this matter.

Independent Shareholders (representing more than 50 per cent. of Independent Shareholders of the Company's share capital) provided their confirmation in writing as outlined below:

Dear Sirs

RE: ECSC GROUP PLC (“ECSC” or the “Company”)

Introduction

[We][I] confirm[s] that [we][I] have been made aware of the transaction being proposed by the board of directors of the Company whereby Lucy Sharp, the Company's Chief Operating Officer, would be granted share options over a maximum of up to 319,758 Ordinary Shares of 1 pence each (the "**LS Options**") under the Company's Enterprise Management Incentives ("**EMI**") share option scheme. It is noted that the expectation of the granting of the LS Options was previously brought to [my][our] attention in Part 1 Paragraph 21 of the ECSC admission document published on 12 December 2016 (the "**Admission Document**").

[We][I] also confirm that [we][I] have been made aware that the resulting effect of the granting of the LS Options will be to increased the aggregate direct and indirect shareholding of the Mann Concert Party (see below) from 41.3% of the issued share capital in the Company up to a maximum of 43.4%.

Rule 9 of the Takeover Code

We understand that, under Rule 9 of the Takeover Code (the "**Code**"), if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30% or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

We also understand that Rule 9 also provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company which is subject to the Code but does not hold shares carrying more than 50% of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

Proposed Transaction

Further to details published in the Admission Document, we understand that the board of directors

of the company recognises the importance of ensuring that the key management and senior employees of the Company and its group are effectively and appropriately incentivised and their interests aligned with those of the Company. To this end, immediately prior to the publication of the Admission Document, the board adopted a new EMI share option scheme (the “**EMI Share Scheme**”). By the terms of the EMI Share Scheme (further details of which [we][I] have had the chance to consider and which can be found in Part V Paragraph 11 of the Admission Document) the board, acting by the remuneration committee, may consider granting EMI share options to certain employees of the Company.

Following the first meeting of the board's remuneration committee on 18 January 2017, subject to the matters set out in this letter, it was proposed that Lucy Sharp should be granted the LS Options, which would increase Lucy Sharp's aggregate direct and indirect shareholding up to a maximum of 5.9% of the issued share capital in the Company.

The LS options are proposed to be granted in tranches as follows: (i) as to 69,758 options at a strike price of 167 pence (being the placing price in respect of an ordinary share at the time of the Company's Admission to AIM); and (ii) as to up to a further 250,000 options to be granted at the discretion of the remuneration committee in up to 2 further tranches over the next 2-3 years at the then prevailing mid-market price on the respective date of grant. The proposed LS Options would be subject, in each case, to a 3 year vesting period, but would otherwise not be subject to any performance conditions.

However, further to details set out in Part 1 Paragraph 25 of the Admission Document, we are aware that Lucy Sharp is considered to be a member of the Mann Concert Party (as defined therein), which collectively holds ordinary shares representing 41.3% of the issued share capital in the Company.

Upon the grant of the LS Options as recommended by the board's remuneration committee, the collective shareholding of the Mann Concert Party, assuming the exercise in full of all the available LS Options (and no other) would increase from 41.3% of the issued share capital in the Company to 43.4%.

ECSC	Mann Concert Party	
<i>Shares</i>	<i>Interest in Shares</i>	<i>% of ISC</i>

Current ISC	8,994,131	Current shareholding: 3,718,317 41.3% (of which held by LS: 230,419 2.6%)
Additional LS Options	up to 319,758	
<i>Then enlarged ISC</i>	<i>up to 9,313,889</i>	<i>Then shareholding: up to 4,038,075 43.4%</i> <i>(of which would be up to 550,177 up to 5.9% held by LS:</i>

Note: ISC = Issued Share Capital of ECSC

Waiver of Rule 9 obligation

We understand that, under Note 1 on the Notes on the Dispensations from Rule 9, the Takeover Panel (the “**Panel**”) will normally waive the requirement for a general offer to be made in accordance with Rule 9 (a “**Rule 9 offer**”) if, *inter alia*, those shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with it and do not have any interest in the proposed transaction which may compromise their independence (the “**Independent Shareholders**”) pass an ordinary resolution on a poll at a general meeting (“**Whitewash Resolution**”) approving such a waiver. We also understand that the Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50% of the Company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the shareholders of the Company at a general meeting.

[We][I] hereby confirm the following:

1. that [we are][I am][[investor name]is] the beneficial owner of [●] ordinary shares in the issued share capital of the Company, representing [●]% of the Company's issued share capital carrying voting rights, and [we][I][investor name] [have/has] absolute discretion over

the manner in which these shares are voted. These shares are held free of all liens, pledges, charges and encumbrances;

2. that: (a) save for the fact that [we/they] are both shareholders in the Company, there is no connection between [us][me][*investor name*] and any member of the Mann Concert Party; (b) [we][I] do not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the proposed granting of the LS Options; and (c) [we are][I am] [[*investor name*]] is an Independent Shareholder of the Company as defined above; and
3. that, in connection with proposed granting of the LS Options:
 - a) [we][I][*investor name*] consent[s] to the Panel granting a waiver from the obligation for the members of the Mann Concert Party group, or any of them, to make a Rule 9 offer to the shareholders of the Company;
 - b) subject to Independent Shareholders of the Company holding more than 50% of the shares capable of being voted on a Whitewash Resolution giving confirmations in writing in a similar form to this letter, [we][I] [*investor name*] consent[s] to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Whitewash Resolution being approved by Independent Shareholders of the Company at a general meeting; and
 - c) [we][I][*investor name*] would vote in favour of a Whitewash Resolution to waive the obligation for the members of the Mann Concert Party group, or any of them, to make a Rule 9 offer were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, [we][I] [*investor name*] acknowledge[s]:

1. that, if the Panel receives confirmations from Independent Shareholders of the Company holding more than 50% of the shares capable of being voted on a Whitewash Resolution, the Panel will approve the waiver from the obligation for the members of the Mann Concert Party group, or any of them, to make a Rule 9 offer without the requirement for a Whitewash Resolution having to be passed by Independent Shareholders of the Company at a general meeting;
2. that if no general meeting is held to approve the Whitewash Resolution:

- a) there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company;
- b) there will not be an opportunity for other shareholders in the Company to make known their views on the Proposed Transaction; and
- c) there will be no requirement for the Company either: (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Code on the proposed granting of the LS Options and the waiver of the obligation for the members of the Mann Concert Party group, or any of them, to make a Rule 9 offer; or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Code in connection with this matter.

[Investor name] considers itself to be a sophisticated investor in relation to equity investments. [I][We] confirm that [we][I] have had the opportunity to take independent financial advice before signing this letter.]

[Investor name][I] confirm[s] that [it/I] shall not sell, transfer, pledge or grant an option, or other right over, or otherwise dispose of [its/my] shares in the Company until at least the conclusion of the proposed General Meeting to approve the issuance of the LS Options (if required), or as otherwise approved by the board.

[I, the signee, have full power and authority to sign this letter on behalf of [●] which is a binding obligation upon it.]

[Signed for and on behalf of [Investor Name],][Signed by:]

Enquiries:

ECSC Group plc Nigel Payne (Non-Executive Chairman) Ian Mann (Chief Executive Officer) Lucy Sharp (Chief Operating Officer) www.ecsc.co.uk	+44 (0) 1274 736 223

Stockdale Securities (NOMAD and Broker)	+44 (0) 20 7601 6100
Robert Finlay	
Hanan Lee	
Yellow Jersey PR (PR & IR)	
Alistair de Kare-Silver	+44 (0) 7825 916 715
Felicity Winkles	+44 (0) 7748 843 871

Notes to Editors

ECSC is a proven provider of cyber security services with a blue-chip client base that offers a comprehensive range of solutions.

The Company has over 16 years' experience in the design, implementation and management of cyber security solutions. ECSC's consultancy-led approach, and its combination of custom methodologies and in-house proprietary technologies, enables the Company to provide individually tailored services to its clients. The Company has significant intellectual property, including bespoke products delivering remotely managed cyber security services and custom-made internal support and delivery systems.

The Company listed on AIM in December 2016 to accelerate its growth strategy and to take advantage of the importance attached to cyber security by company boards as a result of the recent proliferation of high profile cyber security breaches.