

15 December 2020

Summerway Capital Plc

("Summerway" or the "Company")

Proposed Amendment to Investing Policy

Proposed Appointment of New Directors

Proposed Placing and Issue of Warrants

The Board of Directors of Summerway Capital Plc (AIM: SWC) today set out a summary of proposed amendments to its investing policy, the proposed appointment of new Directors, including Vinodka (Vin) Murria OBE as Chairman and a proposed placing and issue of warrants.

Background to proposed investing policy amendments

Since the Company's listing in October 2018, the Founder Directors have continued to explore investment and acquisition opportunities in line with the Company's initial investing strategy. The Directors have also had discussions with exceptional management teams and transaction opportunities in sectors outside of the Company's current investing policy.

As a result of one or more of these opportunities arising, the Founder Directors and Independent Non-Executive Director of Summerway consider it in the best interests of the Company's Shareholders to change the strategic direction of the Company through amending its investing policy, and to bring in additional management with the relevant and proven expertise to implement that revised investing policy.

Proposed new investing policy

The Company's revised investing policy will focus on investment and acquisition opportunities across the software, Software-as-a-Service ("SaaS") and digital technologies and services sectors. The Directors believe there are numerous opportunities to invest in or acquire businesses that can be organically or acquisitively grown to become leading providers of enterprise software, solutions and services.

Under its new strategy and with the enhanced board's expertise, respective reach and relationships, the Company will identify target companies within the software, SaaS and digital technologies and services sectors, where the Directors believe there are tangible opportunities to drive strategic, operational and performance improvement, either as standalone entities or as a part of an enlarged group. This process will include a review of opportunities where the Directors have existing relationships together with a methodical review of small cap opportunities across the UK and EU markets.

The Company will seek to maintain flexibility in the deployment of capital when making investments or acquisitions. This could include the use of debt, cash and / or share consideration in order to consummate full acquisitions, or majority and minority stakes in target companies, where the Directors believe it is in the best interests of Shareholders to do so.

It is anticipated that returns to Shareholders will be delivered through a combination of an appreciation in the Company's share price and, if appropriate, annual dividends paid out of retained earnings (following completion of an investment) as well as return of cash to Shareholders, following any disposal of assets or investments.

Following the proposed amendment to the Company's investing policy, it is anticipated that the Company will continue with its "investing company" status for the purposes of the AIM Rules. Following substantial implementation of its investing policy the Company may cease to be an investing company and be eligible for an alternative classification, or may choose to continue to focus on acquiring businesses and manage its portfolio in line with a stated investment policy.

Proposed directorate changes

In line with the proposed amendments to its investing policy and change in strategy, the Company also announces the proposed appointments of Vinodka (Vin) Murria OBE as Chairman, and Paul Gibson and Anthony (Tony) Morris as Directors, and the proposed resignations of Alexander Anton and Mark Farmiloe.

Ms Murria is presently a non-executive director of Softcat plc, a leading provider of technology solutions and services, Bunzl plc, the international distribution and services group, and DWF Group plc, the global law firm. She was awarded an OBE in 2018 for services to the digital economy and was previously a non-executive director of finnCap plc, Sophos Group plc, Zoopla Group plc, Greenko Group plc and Chime Communications plc as well as a Senior Advisor at NM Rothschild and an Operating Partner at HG Capital. Ms Murria was named Asian Woman of the Year (2010), CISCO's Woman of the Year (2012) and Tech Entrepreneur of the Year (2012).

During her executive career, she was the founder and Chief Executive Officer of Advanced Computer Software Group plc from 2008 until 2015 where she built the business organically and through acquisition from an initial cash shell to its eventual £725 million sale to Vista Equity Partners, generating significant double-digit returns for its shareholders. The business was named Tech Company of the Year (2014) having grown to be the 3rd largest UK headquartered software business. Prior to Advanced Computer Software, Ms Murria was Chief Executive Officer of Computer Software Group plc from 2002 until 2007, completing a number of acquisitions, including a merger with IRIS Software, and subsequently exiting the business to Hellman and Friedman at a £500 million valuation. Prior to this, Ms Murria was at Kewill Systems plc (1986-2001) where she was Group Chief Operating Officer.

Mr Gibson has had a highly successful career in the TMT sector, most recently as the Operating Partner responsible for software investments at MXC Capital. He held non-executive director and advisory roles at Castleon Technology plc and Tax Systems plc until their respective take private transactions to private equity backed vehicles in 2020 and 2019 respectively. Previously, Mr Gibson held the board position of Chief Operating Officer of Advanced Computer Software Group plc prior to its acquisition by Vista Equity Partners. Prior to this, Mr Gibson held a number of senior roles in both financial and operational capacities, latterly as Finance Director of Redac Limited, the Alchemy backed turnaround that was subsequently sold to Advanced Computer Software for £100 million. The foundations of Mr Gibson's career were built at Unigate, GrandMet (now Diageo) and Oracle.

Mr Morris is a co-founder and director of Tessera Investment Management, a strategic advisory firm which provides specialist transaction support to organisations undertaking corporate development activity. Prior to co-founding Tessera in 2012, Mr Morris spent four years in the investment team at Marwyn Capital, an investment firm, having previously started his career within Leveraged Finance at Barclays Bank. He has over 15 years' transacting experience as principal and advisor in M&A and equity capital markets, and has previously worked with Ms Murria on M&A and capital raising activities for Advanced Computer Software plc. Mr Morris also currently serves as a non-executive director of Michelmersh Brick Holdings Plc, the AIM-listed specialist brick manufacturer.

Proposed placing and acquisition of shares

Concurrently with Ms Murria's proposed appointment, Ms Murria has agreed to acquire 500,000 Existing Ordinary Shares at 85 pence per share from a selling shareholder and subscribe for 1,903,409 New Ordinary Shares at 88 pence per share by way of a direct subscription (collectively, the "Transactions"). Following completion of the Transactions, Ms Murria's beneficial interest in Ordinary Shares of the Company will be 2,403,409 Ordinary Shares, representing 29.9 per cent. of the enlarged issued share capital of the Company. At the same time, the Company has conditionally agreed to issue warrants to Ms Murria which provide for a right to subscribe for an additional 3,246,062 New Ordinary Shares at 88 pence per share (the "Warrant"). The Warrant may be exercised during an exercise period commencing on the date of issue of the Warrants, being the date of completion of the Transactions, and terminating on the first anniversary of issue or, if earlier, the date of completion of the Company's inaugural investment or acquisition.

Completion of the Transactions and the issue of the Warrant remain subject to the satisfaction of various conditions including, inter alia, the grant of a waiver, if required, from the Takeover Panel from any obligation that would otherwise arise pursuant to Rule 9 of the Takeover Code, and the satisfaction of all conditions to which any such grant may be subject. In addition, the issuance of New Ordinary Shares under the Transactions and Warrant remain subject to the passing of shareholder resolutions contained in a Circular and Notice of General Meeting to be made available in due course, to include a resolution waiving pre-emption rights pursuant to section 561(1) of the Companies Act 2006 in relation to the New Ordinary Shares to be issued pursuant to the Transactions and the Warrant.

In the event that the Transactions are completed, the Warrant issued and the Warrant is exercised in full, Ms Murria's beneficial interest in the Ordinary Shares of the Company will be 5,649,471 Ordinary Shares, representing 50.1 per cent. of the enlarged issued share capital of the Company as at the date of this announcement.

A further announcement confirming the posting of a Circular and the Notice of General Meeting to Shareholders will be made in due course, and shortly thereafter, available to view on the Company's website at www.summerwaycapital.co.uk.

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014 ("MAR").

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