

22 August 2022

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

Grant of Options and update on Concert Party Holdings

CloudCoCo (AIM: CLCO), a UK provider of IT and communications solutions to businesses and public sector organisations, announces that on 19 August 2022 it granted options ("Employee Options") over a total of 21,500,000 ordinary shares of 1 pence each in the Company ("Ordinary Shares") to members of the senior management team and other employees pursuant to the Company's EMI Share Option Scheme ("Scheme"). The Options amount to approximately 3.04 per cent of the Company's current non-diluted issued share capital and are issued within the parameters of the proposed incentive scheme detailed at the time of the Company's acquisition of CloudCoCo Limited in October 2019.

The grant of Options is part of the Company's 'CoCo-One' initiative launched in 2020 in which qualifying colleagues are awarded options to encourage shared ownership and enhance retention, recruitment and incentivisation across the business. The Options will only accrue value in the event the Company's share price increases, thereby aligning the interests of recipients with those of shareholders.

Following the issue of the Employee Options, the total number of options granted under the 'CoCo-One' initiative under the Scheme is 69,725,000 representing approximately 9.87 per cent of the current non-diluted issued share capital of the Group.

Subject to further restrictions attached to members of the Concert Party (see below), the Employee Options, which have an exercise price of 1 penny per Ordinary Share, can be exercised at any time between 19 August 2025 (or earlier if there is a qualifying transaction) and 19 August 2032. The Options vest subject to the Company's share price being greater than 2 pence per Ordinary Share at the date of exercise.

Of the 21,500,000 Employee Options, 14,700,000 were granted to the Company's Chief Executive Officer Mark Halpin and one of the Company's Persons Discharging Managerial Responsibilities. As a member of the Concert Party, the Employee Options granted to Mark Halpin today carry further restrictions in that whilst the Concert Party, of which Mark is part, holds between 30 and 50 per cent of the share capital of the Company, these new options cannot be exercised without triggering the provisions of Rule 9 of the Code. These restrictions do not apply to the 7,500,000 existing options granted to Mark Halpin on 20 November 2020, which form part of the Concert Party Options (see below) issued and approved by the Takeover Panel because they were granted at a time when the Concert Party held more than 50 per cent of the Company's issued share capital.

Simon Duckworth, Chairman, commented: "We have delivered a step-change in the CloudCoCo business during this calendar year, following the strategic decision taken in 2021 to raise capital and accelerate growth by acquisition to complement our already successful organic growth plans. Strong leadership and a shared sense of purpose amongst our colleagues continues to be integral to achieving the Company's long-term objectives. I'm pleased to award these options to further incentivise the team to achieve the next stage of our growth plans."

The Concert Party and existing share options

The Takeover Code (the "**Code**") applies to the Company. Under Rule 9 of the Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30% or more of the voting rights of a company which is subject to the Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company

but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if any further interests in shares carrying voting rights are acquired by such person or any person acting in concert with that person.

The Code further provides, among other things, that where any person who, together with persons acting in concert with that person, holds shares carrying over 50 per cent. of the voting rights of a company, acquires any further interests in shares carrying voting rights, then that person will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though individual members of a concert party would not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

At the time of the acquisition of CloudCoCo Limited by the Company on 2 October 2019 (the "Acquisition"), the Company agreed with the Panel that the following persons are acting in concert (as defined in the Code): Mark and Caroline Halpin, Andy Mills, Graham Collinson, Robert Speight, Chris Ormandy, Anton Murphy, Alexander Tovey, Laurence Lewis, Adam Fossett and MXC Capital Limited (the "**Concert Party**").

At the time of completion of the Acquisition, the Concert Party held, in aggregate, 286,226,861 Ordinary Shares, representing approximately 64.3 per cent. of the then issued share capital of CloudCoCo. The Concert Party's aggregate shareholding remains at 286,226,861 Ordinary Shares but following the issue of Ordinary Shares by the Company since the Acquisition, the Concert Party's shareholding has been diluted and now represents approximately 40.53 per cent. of the current issued share capital of CloudCoCo.

On 23 November 2020, and when the Concert Party held over 50 per cent. of the issued share capital of the Company, certain members of the Concert Party were issued, in aggregate, 14,605,000 options over new Ordinary Shares pursuant to the CloudCoCo Option Schemes (the "**Concert Party Options**"), representing approximately 2.07 per cent. of the current issued share capital of the Company. Assuming exercise in full by the members of the concert party of the Concert Party Options, (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company), the members of the Concert Party would have been interested in 300,831,861 Ordinary Shares, representing approximately 41.73 per cent. of the enlarged voting rights of the Company.

The exercise by the members of the concert party of the Concert Party Options would normally trigger an obligation for an offer to be made under Rule 9 of the Code. However, on the basis that the Concert Party Options were granted when the Concert Party held shares carrying more than 50 per cent. of the voting rights in CloudCoCo, the Panel has agreed to waive this obligation such that there will be no requirement for an offer to be made in respect of the exercise of the Concert Party Options.

A table showing the respective individual interests in Ordinary Shares and Concert Party Options of the members of the concert party is set out below.

Name	Current shareholding	% current issued share capital	Concert Party Options (Nov-2020)	Employee Options (Aug-2022)	Total Ordinary Shares held if all options are exercised	Max position*
Mark and Caroline Halpin	140,713,578	19.93%	7,500,000	14,700,000	162,913,578	22.15%
Andy Mills	32,724,088	4.63%	0	0	32,724,088	4.45%
Graham Collinson	17,452,847	2.47%	4,000,000	0	21,452,847	2.92%
Robert Speight	10,908,029	1.54%	2,625,000	0	13,533,029	1.84%
Chris Ormandy	6,544,818	0.93%	0	0	6,544,818	0.89%
Anton Murphy	3,272,409	0.46%	0	0	3,272,409	0.44%
Alexander Tovey	2,727,007	0.39%	0	0	2,727,007	0.37%
Laurence Lewis	2,727,007	0.39%	0	0	2,727,007	0.37%

Adam Fossett	1,090,803	0.15%	480,000	0	1,570,803	0.21%
MXC Capital Limited	68,066,275	9.64%	0	0	68,066,275	9.25%
TOTAL	286,226,861	40.53%	14,605,000	14,700,000	315,531,861	42.90%

*assuming exercise in full by the members of the concert party of the options, (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company).

The members of the concert party are interested in shares carrying more than 30% of the voting rights of the Company but do not hold shares carrying more than 50% of the voting rights of the Company. For so long as they continue to be acting in concert, any increase in their aggregate interest in shares, save for the exercise of the Concert Party Options, will be subject to the provisions of Rule 9 of the Code.

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About CloudCoCo

Supported by a team of industry experts and harnessing a diverse ecosystem of partnerships with blue-chip technology vendors, CloudCoCo makes it easy for private and public sector organisations to work smarter, faster and more securely by providing a single point of purchase for their connectivity, telephony, cyber security, cloud, IT hardware and support needs.

CloudCoCo has offices in Warrington, Leeds, Bournemouth and Sheffield in the UK.

www.cloudcoco.co.uk