

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 6 of this document) and the Company (whose registered office appears on page 6 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 5 March 2019. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority.

GRC International Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11036180)

Proposed Placing of 5,000,000 Placing Shares at a price of 100 pence per Placing Share, Acquisition of Data Quality Management Group Limited and Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out on page 12 of this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

Grant Thornton UK LLP ("Grant Thornton"), which, in the United Kingdom, is authorised and regulated by the Financial Conduct Authority, is acting as nominated adviser to the Company for the purposes of the AIM Rules in connection with the proposals and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Grant Thornton or for advising any other person in respect of the Proposals or any transaction, matter or arrangement referred to in this document. Grant Thornton's responsibilities as the Company's nominated adviser are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Dowgate Capital Limited ("Dowgate Capital"), which, in the United Kingdom, is authorised and regulated by the FCA, is acting as broker to the Company in connection with the Placing and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Dowgate Capital or for advising any other person in respect of the Placing or any transaction, matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Grant Thornton UK LLP and/or Dowgate Capital Limited by the FSMA or the regulatory regime established thereunder, Grant Thornton UK LLP and Dowgate

Capital Limited do not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Proposals. Grant Thornton UK LLP and Dowgate Capital Limited accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Notice of a General Meeting of GRC International Group plc, to be held at the offices of Citigate Dewe Rogerson at 3 London Wall Buildings, London Wall, London, EC2M 5SY at 11.00 a.m. on 1 March 2019, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by not later than 11.00 a.m. on 27 February 2019 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Equiniti (ID: RA19) by no later than 11.00 a.m. on 27 February 2019 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

A copy of this document is available at the Company's website <https://www.grci.group/investors>.

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the “**US Securities Act**”) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the New Ordinary Shares are being offered in reliance on Regulation S under the US Securities Act. The New Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of South Africa or Japan, nor has any prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Placing Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a “**Restricted Jurisdiction**”) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

Presentation of financial information

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

Presentation of market, economic and industry data

Where information contained in this document originates from a third-party source, it is identified where it appears in this document together with the name of its source. Such third-party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No incorporation of website information

The contents of the Company’s website or any hyperlinks accessible from the Company’s website do not form part of this document and Shareholders should not rely on them.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this document and the Form of proxy are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

CONTENTS

	<i>Page</i>
Directors, secretary and advisers	6
Placing and Acquisition Statistics	7
Expected timetable of principal events	8
Definitions	9
Letter from the Chairman of GRC International Group plc	12
Notice of General Meeting	18

DIRECTORS, SECRETARY AND ADVISERS

Directors	Andrew Brode (<i>Chairman</i>) Alan Calder (<i>Chief Executive Officer</i>) Steve Watkins (<i>Executive Director</i>) Christopher Hartshorne (<i>Finance Director</i>) Neil Acworth (<i>Group Chief Information Officer</i>) Richard Piper (<i>Non-Executive Director</i>) All of whose business address is at the Company's registered and head office
Registered and Head Office	Unit 3 Clive Court Bartholomews Walk Cambridgeshire Business Park Ely Cambridgeshire CB7 4EA
Company website	www.grci.group
Company Secretaries	Christopher Hartshorne Tania Avgoustidis
Nominated Adviser	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Broker	Dowgate Capital Limited 15 Fetter Lane London EC4A 1BW
Legal advisers to the Company	Mills & Reeve LLP Botanic House 100 Hills Road Cambridge CB2 1PH
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PLACING AND ACQUISITION STATISTICS

Number of Existing Ordinary Shares in issue on the date of this document	57,462,940
Placing Price	100 pence
Number of Placing Shares being issued pursuant to the Placing	5,000,000
Number of Consideration Shares being issued pursuant to the Acquisition*	3,737,971
Total number of New Ordinary Shares*	8,737,971
Enlarged Share Capital*	66,200,911
Placing Shares as a percentage of the Enlarged Share Capital*	7.6 per cent.
Consideration Shares as a percentage of the Enlarged Share Capital*	5.7 per cent.
New Ordinary Shares as a percentage of the Enlarged Share Capital*	13.2 per cent.
Gross proceeds of the Placing	£5,000,000
Estimated net proceeds of the Placing receivable by the Company	£4,800,000

* Assumes the maximum Deferred Consideration is payable in respect of the Acquisition.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2019¹

Publication of this document	11 February
Latest time and date for receipt of Forms of Proxy and CREST voting instructions	11.00 a.m. on 27 February
General Meeting	11.00 a.m. on 1 March
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 5 March
Expected date for CREST accounts to be credited in respect of the New Ordinary Shares in uncertificated form	5 March
Completion of the Acquisition	5 March
Where applicable, expected date for despatch of definitive share certificates for New Ordinary Shares in certificated form	by 19 March

Notes:

1. Each of the above times and/or dates is subject to change at the absolute discretion of the Company, Grant Thornton and Dowgate Capital. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of DQM pursuant to the Sale and Purchase Agreement
“Act”	the Companies Act 2006 (as amended)
“Adjusted EBITDA”	means EBITDA after it has been adjusted to exclude exceptional administrative items and share-based payment charges
“Admission”	in the case of the Placing Shares and the Initial Consideration Shares, admission to trading on AIM of the Placing Shares becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“CAGR”	compound annual growth rate
“certificated form” or “in certificated form”	an Ordinary Share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“Company” or “GRC”	GRC International Group plc, a company incorporated and registered in England and Wales under the Companies Act 2006 with registered number 11036180
“Consideration Shares”	the Deferred Consideration Shares and the Initial Consideration Shares
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755)
“Dealing Day”	a day on which the London Stock Exchange is open for business in London
“Deferred Consideration”	has the meaning given to it in paragraph 1 of the letter from the Chairman included in this document
“Deferred Consideration Shares”	the Ordinary Shares to be issued pursuant to the Sale and Purchase Agreement comprising 40 per cent. of the value of the Deferred Consideration payable under that agreement
“Directors” or “Board”	the directors of the Company whose names are set out on page 6 of this document, or any duly authorised committee thereof
“Dowgate Capital”	Dowgate Capital Limited, the Company’s broker
“DQM” or “DQM GRC”	Data Quality Management Group Limited, trading as DQM GRC, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03264646
“EBITDA”	means earnings before interest, taxes, depreciation and amortisation

“Enlarged Share Capital”	the issued ordinary share capital of the Company as enlarged by the issue of the New Ordinary Shares (assuming no further Ordinary Shares are issued (whether pursuant to the Share Option Schemes or otherwise))
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 57,462,940 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
“FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company to be held at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London, EC2M 5SY at 11.00 a.m. on 1 March 2019, notice of which is set out at the end of this document
“Grant Thornton”	Grant Thornton UK LLP, the Company’s nominated adviser
“Group”	the Company, its subsidiaries and its subsidiary undertakings, as at the date of this document
“Initial Consideration Shares”	the Ordinary Shares to be issued at completion of the Acquisition pursuant to the Sale and Purchase Agreement
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Consideration Shares
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document
“Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares by Dowgate Capital, as agent on behalf of the Company, further details of which are set out in this document
“Placing Price”	100 pence per Ordinary Share
“Placing Shares”	the 5,000,000 new Ordinary Shares to be issued pursuant to the Placing
“Proposals”	together, the Placing and Admission
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA
“Regulatory Information Service”	a service approved by the FCA for the distribution to the public of regulatory announcements and included within the list maintained on the FCA’s website
“Reported EBITDA”	means EBITDA prior to any adjustment
“Resolutions”	the resolutions set out in the Notice of General Meeting

“Sale and Purchase Agreement”	means the sale and purchase agreement for the entire share capital of DQM dated 11 February 2019 between, <i>inter alios</i> , the Company and Peter Galdies
“UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Working Capital”	being current assets less current liabilities, but excluding cash and debt

LETTER FROM THE CHAIRMAN OF GRC INTERNATIONAL GROUP PLC

GRC International Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11036180)

Directors:

Andrew Brode (Chairman)
Alan Calder (Chief Executive Officer)
Steve Watkins (Executive Director)
Christopher Hartshorne (Finance Director)
Neil Acworth (Group Chief Information Officer)
Richard Piper (Independent Non-Executive Director)

Registered office:

Unit 3 Clive Court
Bartholomews Walk
Cambridgeshire Business Park
Ely
Cambridgeshire
CB7 4EA

11 February 2019

Dear Shareholder,

Proposed Placing of 5,000,000 Placing Shares at a price of 100 pence per Placing Share, Acquisition of Data Quality Management Group Limited and Notice of General Meeting

1. Introduction and summary

GRC International Group plc announced on 11 February 2019 that it had conditionally agreed to acquire the entire issued share capital of DQM, a provider of data consulting and technology solutions headquartered in High Wycombe (the "Acquisition").

Acquisition of DQM

The original business, Data2 Limited, was founded in 1996 by Peter Galdies and Lisa Bentall and focused on managed solutions, such as utilising technology to track data misuse. In 2003 Data2 Limited acquired DQM which allowed it to expand into data security, protection and consultancy services. The business has since grown organically and in FY18 reported revenues of approximately £2.9 million and generated an EBITDA of approximately £720,000. Following a broadening of the product range to include governance, risk and compliance products, DQM rebranded in 2015 to DQM GRC.

Initial consideration for the Acquisition will be £5,886,839, comprising a cash payment of £3,532,104 and the issue of 2,021,232 Initial Consideration Shares, worth £2,354,736 calculated on the basis of an issue price per Ordinary Share of 116.5 pence, equal to the average of the middle market quotations for the Ordinary Shares as shown by the AIM Appendix of the Daily Official List of the London Stock Exchange for the 10 business days prior to and including 7 February 2019 (the "Initial Consideration").

Deferred consideration will also be payable to the sellers (the "Deferred Consideration") which will be calculated by reference to eight times DQM's adjusted EBITDA for the financial year ending 28 February 2019, less the amount of the Initial Consideration and certain other adjustments. The Deferred Consideration will be satisfied through cash (as to 60 per cent. of the Deferred Consideration) and the issue of Ordinary Shares (as to 40 per cent. of the Deferred Consideration and based on an issue price per Ordinary Share of 116.5 pence) within five business days of completion of the audit of DQM's accounts for the financial year ending 28 February 2019. The Deferred Consideration is currently anticipated to be in the range of approximately £2.5 million to £3.5 million, not exceeding £5 million.

Placing

It is intended that the cash element of the consideration will be funded by way of the Placing. The Company has provisionally placed 5,000,000 new Ordinary Shares at the Placing Price of 100 pence per share and the Directors expect that the Placing will raise gross proceeds for the Company of £5 million. The Placing Price represents a discount of 9 per cent. to the closing bid price of 109 pence per share on 8 February

2019 (being the latest practicable date prior to the announcement of the Placing and Acquisition on 11 February 2019).

The net proceeds of the Placing are proposed to be used principally to finance the initial cash consideration due in respect of the Acquisition, together with associated transaction costs, with the balance providing additional working capital for the enlarged business.

General Meeting

The issue of the Placing Shares is conditional, *inter alia*, upon the approval by Shareholders of the Resolutions to be proposed at the General Meeting of the Company convened for 1 March 2019. The Placing Shares are not being offered on a *pro rata* basis to existing Shareholders and accordingly the Placing is conditional, *inter alia*, upon Shareholders resolving to disapply statutory pre-emption rights.

Shareholders will find set out at the end of this document a Notice of General Meeting which has been convened for 11.00 a.m. on 1 March 2019, at which resolutions will be proposed to approve the allotment and issue of the Placing Shares and to dis-apply statutory pre-emption rights in respect of such allotment. Subject to Shareholders approving the Resolutions to be proposed at the General Meeting, it is expected that Admission of the Placing Shares will take place on or around 5 March 2019.

The purpose of this document is to provide further details on the Acquisition and explain the background to and reasons for the Placing and why the Directors consider the Placing and the Acquisition to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

The contents of this letter are important and I would urge you to read it carefully and to complete, sign and return the enclosed Form of Proxy in accordance with the instructions given on it and in the paragraph below headed “Action to be Taken”, as soon as possible and in any event by no later than 11.00 a.m. on 27 February 2019.

2. Background to and rationale for the Placing and Acquisition

Background to the Company

GRC was admitted to trading on the London Stock Exchange’s AIM market in March 2018. The Group provides a comprehensive suite of products and services to address the IT governance, risk management and compliance requirements of organisations seeking to comply with a wide range of data protection and cyber security regulation. The Company provides a range of services and products through three divisions: Training, Consultancy and Publishing & Distribution.

When GRC was admitted to trading on AIM, its stated intention was to raise new equity to accelerate organic growth and allow it to fund potential acquisitions, in addition to raising the profile of the Group with potential customers and help with the recruitment and retention of staff.

As announced in the Company’s interim results released on 24 December 2018, the Directors viewed the first half of FY19 as a period of strategic development, as the Company used the proceeds raised as part of its admission to trading to accelerate the launch of product offerings and invest in people and infrastructure. The Directors stated that they expect to see opportunities to acquire other businesses and pursue a roll up strategy in a market which remains very fragmented. Following the smaller acquisition of the domain, web platform, customer list and goodwill of www.gdpr.co.uk during 2018, the Directors believe the Company is now well placed to proceed with a more substantial acquisition.

Information on DQM

Data Quality Management Group Limited, trading as DQM GRC, is a provider of GDPR consulting and technology solutions. The original business, Data2 Limited, was founded in 1996 by Peter Galdies and Lisa Bentall and its initial product offering was data protection to commercial data owners, utilising its “watermarking” technology.

In 2003, Data2 Limited acquired DQM, which enabled the directors to expand into data security, protection and consultancy services. Following a broadening of the product range to include governance, risk and compliance products, DQM rebranded in 2015 to DQM GRC. The business now provides GDPR consulting, which has recorded strong growth since the introduction of GDPR legislation, which took effect in May 2018.

DQM has four main revenue streams:

- **Managed Services** – constituting approximately 40 per cent. of revenue for the year to 28 February 2018. This was the original activity of DQM, and primarily helps clients track compliance with a range of data regulations, which can include the use of DQM's data watermarking application, a tool to help identify data loss, misuse and to prove ownership;
- **GDPR Consulting** – constituting approximately 41 per cent. of revenue for the year to 28 February 2018. This includes GDPR Radar™ Compliance Risk Assessments, the tool DQM uses to determine where potential GDPR non-compliance issues are within a client's business, provide follow up work including writing policy documentation and process notes for clients, and additionally provide training and compliance testing for the implementation of GDPR. More recently DQM has also offered the services of a Data Protection Officer to a client. DQM utilises associated businesses and consultants to outsource work on most projects;
- **Third Party Auditing** – constituting approximately 14 per cent. of revenue for the year to 28 February 2018. DQM carries out approximately 160 data audits for clients to help them to understand whether the level of royalty they receive for distribution of their data is in line with contracted terms. This helps ensure contract terms are being followed and can improve third party relationships. DQM are the exclusive audit partner of the DMA (Direct Marketing Association);
- **GDPR Technology Solutions** – constituting approximately 5 per cent. of revenue for the year to 28 February 2018. This service helps clients manage data preferences. DQM acts as a distributor of the software. Also within this category is Secure Hub, a technology used to transfer data securely.

DQM has reported an organic revenue CAGR of 26 per cent. over the two years to 28 February 2018, with an EBITDA margin of 26 per cent. over the 10 months to 31 December 2018. DQM's revenue for the year to 28 February 2018 was approximately £2.9 million, EBITDA was approximately £720,000 and profit before tax for the year ended 28 February 2018 was approximately £500,000. DQM's net asset value as at 28 February 2018 was approximately £783,000. DQM has high margin revenue and a number of customers use more than one product or service. Its client base includes household name customers such as Royal Mail, Thames Water and the Telegraph Media Group. The Board believes that the acquisition will be significantly earnings enhancing in the first full year of ownership.

Rationale for the Acquisition

The Board believes that the Acquisition will provide a number of earnings enhancing benefits to GRC International and will also:

- Extend the Group's existing offering to include high margin, data governance services;
- Add market share to the Group, by introducing additional household name clients with on-going contracts;
- Provide cross-selling and upselling opportunities through the companies' complementary offerings;
- Provide additional second tier management support to the existing management structure;
- Add customer account management capability;
- Provide strategic opportunities, such as enabling the Group to gain Data Privacy Seal accreditation; and
- Provide sector crossover, such as an increased financial sector exposure.

3. The Placing

The Company proposes to raise approximately £5 million (before expenses) through the issue of the Placing Shares at the Placing Price to fund principally the initial cash consideration payable for the Acquisition, which represents a discount of 9 per cent. to the closing bid price of 109 pence per Ordinary Share on 8 February

2019, being the latest practicable date prior to the announcement of the Placing and Acquisition on 11 February 2019. The Placing Shares will (assuming the Deferred Consideration is paid in full) represent 7.6 per cent. of the Company's Enlarged Share Capital.

The terms of the Placing

Dowgate Capital, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. Dowgate Capital has conditionally placed the Placing Shares with certain existing and new institutional and other investors at the Placing Price. The Placing has not been underwritten by Dowgate Capital. Completion of the Placing is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 5 March 2019 (or such later time and/or date as the Company and Dowgate Capital may agree, but in any event by no later than 8.00 a.m. on 31 March 2019).

The Company has given limited warranties to Dowgate Capital in relation to, *inter alia*, the accuracy of the information in this document. In addition, the Company has agreed to indemnify Dowgate Capital in relation to certain liabilities it may incur in respect of the Placing. Dowgate Capital has the right to terminate its engagement (but not the Placing) in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given to Dowgate Capital in its engagement letter, the failure of the Company to comply in any material respect with any of its obligations under the engagement letter or the occurrence of a *force majeure* event in respect of the Company.

The Directors believe that raising new funds by way of the Placing is the most appropriate method of funding the Company at the present time. The Board considers that a general offer to existing Shareholders by way of rights or other pre-emptive issue is not appropriate at this stage of the Company's development due to the significant additional costs that would be incurred and the delay that would be caused by the production and approval of a prospectus if required.

Settlement and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares will become effective at 8.00 a.m. on 5 March 2019.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

4. Sale and Purchase Agreement

On 11 February 2019, the Company entered into the Sale and Purchase Agreement pursuant to which the Company agreed, conditionally, to purchase the entire issued share capital of DQM from its three shareholders. Completion of the Sale and Purchase Agreement is conditional, *inter alia*, upon the Resolutions being passed at the General Meeting and Admission, and is expected to occur on the day of Admission. The Initial Consideration for the Acquisition will be £5,886,839, constituting a cash payment of £3,532,104 and the issue of the issue of 2,021,232 Initial Consideration Shares, worth £2,354,736 calculated on the basis of an issue price per share of 116.5 pence, equal to the average of the middle market quotations for the Ordinary Shares as shown by the AIM Appendix of the Daily Official List of the London Stock Exchange for the 10 business days prior to and including 7 February 2019. The Initial Consideration is to be satisfied on completion of the Acquisition.

Deferred Consideration will also be payable under the Sale and Purchase Agreement to the sellers, pursuant to the terms of an agreed earn-out which will be calculated by reference to eight times DQM's adjusted EBITDA for the financial year ended 28 February 2019, less the amount of the Initial Consideration and certain other adjustments. The Deferred Consideration will be satisfied in cash (as to 60 per cent. of the Deferred Consideration) and Ordinary Shares (as to 40 per cent. of the Deferred Consideration and based on an issue price per Ordinary Share of 116.5 pence). The Deferred Consideration is currently anticipated to be in the range of approximately £2.5 million to £3.5 million, not exceeding £5 million.

The Sale and Purchase Agreement contains warranties and a tax covenant given by all the sellers in relation to DQM and its business, subject to certain customary limitations.

5. Use of proceeds

The net proceeds of the Placing will be used by the Company principally to finance the cash element of the Initial Consideration and Deferred Consideration due in respect of the Acquisition, together with associated transaction costs and to provide additional working capital for the enlarged business.

6. Current trading and prospects

As announced in the Company's interim results to 30 September 2018, published on 24 December 2018, the Group demonstrated year-on-year organic revenue growth of 54 per cent. to £8.9 million (H1 2018: £5.8 million), with a particularly strong Q1 performance attributable to the General Data Protection Regulation ("GDPR") compliance deadline of 25 May 2018. Gross profit increased by 49 per cent. to £5.1 million (H1 2018: £3.4 million) with margins broadly stable at 57 per cent.

Underlying EBITDA declined to a £1.8 million loss (H1 2018: £0.8 million profit), following investment in new business lines, infrastructure and people as the Company built a platform for future growth.

Net cash at the period end was £1.7 million (FY2018: £5.6 million). Subsequent to the period end, the Group's investment policy continued which is reflected in further losses, and the Group secured a sterling overdraft facility and a loan facility agreement in order to ensure sufficient headroom for working capital requirements.

Following the Q1 surge in GDPR-related billings, as companies looked to make themselves compliant ahead of the 25 May 2018 deadline, there was a slowdown in Q2 as expected. By 30 September 2018, revenues from GDPR had reached more normalised levels of growth. The impact of the reduction in GDPR revenues was in part counteracted by strong growth from cyber security products and services during the period.

Good progress was made during the first half of FY2019 with the strategic development of the Group, with net proceeds of £4 million raised through the Group's admission to trading on AIM in March 2018 used to progress the launch of new products and services and invest in people and infrastructure.

In August 2018, the Group acquired the domain, web platform, customer list and goodwill of www.gdpr.co.uk. The Group has enhanced the platform by offering relevant books, e-learning and Data Protection Officer services through the website. The acquisition is fully integrated and trading in line with expectations. In addition, operations were established in Europe (Drogheda, Eire), the United States (New York) and the Gulf, with all businesses performing well, including significant contract wins with Kubota and Microsoft.

The Directors are confident that the investments made in new business areas and geographies following the Group's admission to trading on AIM will provide momentum to deliver revenue growth across FY2019 as a whole and underpin the Group's long-term growth into FY2020 and beyond.

7. The General Meeting

The Directors are seeking the approval of Shareholders at the General Meeting to issue and allot the Placing Shares and Consideration Shares.

Set out at the end of this document is a notice convening the General Meeting to be held on 1 March 2019 at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London, EC2M 5SY at 11.00 a.m.. At the meeting two resolutions will be proposed:

- (a) Resolution 1 is an ordinary resolution to grant a new authority and power to the Directors to permit them to allot the Placing Shares pursuant to the Placing and the Consideration Shares as described in this document; and
- (b) Resolution 2, which is a special resolution, disapplies pre-emption rights in relation to the shares allotted pursuant to the authority mentioned at a) above.

8. Further information

Further copies of this document are available to the public free of charge from the Company's offices at Unit 3 Clive Court, Bartholomews Walk, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EA at any time up until and including the date of the General Meeting, and can also be downloaded from the Company's website at <https://www.grci.group/investors>. Shareholders' attention is drawn to the remainder of this document.

9. Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 27 February 2019 (or, if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting).

If you hold your Existing Ordinary Shares in uncertificated form in CREST, you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Equiniti (ID: RA19) by no later than 11.00 a.m. on 27 February 2019 (or, if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting).

The completion and return of a Form of Proxy or the use of the CREST Proxy Voting Service will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

10. Recommendation

The Directors consider both the Acquisition and the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly recommend unanimously that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as the Directors intend to do in respect of their entire holding which amount to interests in 44,109,411 Ordinary Shares, representing approximately 76.7 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

Andrew Brode
Chairman

NOTICE OF GENERAL MEETING

GRC International Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11036180)

NOTICE IS HEREBY GIVEN THAT a general meeting of GRC International Group plc (the “**Company**”) will be held at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London, EC2M 5SY at 11.00 a.m. on 1 March 2019 to consider and, if thought fit, to pass the following resolutions of which resolution 1, will be proposed as an ordinary resolution of the Company and resolution 2 will be proposed as a special resolution of the Company:

ORDINARY RESOLUTION

1. THAT, in accordance with section 551 of the Companies Act 2006 (“**Act**”), the directors of the Company (the “**Directors**”), in addition to all previous authorities granted to the Directors, be generally and unconditionally authorised to exercise all the powers of the Company to allot up to 8,737,971 ordinary shares in the Company, and grant rights to subscribe for or convert any securities into shares in the Company, up to an aggregate nominal amount of £8,737.98 (within the meaning of sections 551(3) and (6) of the said Act), in connection with the Placing and Acquisition detailed in a circular to shareholders of the Company dated 11 February 2019, provided that, unless previously renewed, varied extended or revoked by the Company in general meeting, this authority shall expire on the conclusion of the Annual General Meeting of the Company save that the Company may before such expiry make any offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

2. THAT, conditional upon the passing of Resolution 1, the directors be and they are empowered pursuant to section 570(1) and 571(1) of the Act, as applicable, to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority of the directors under section 551 of the Act conferred by Resolution 1, and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act, as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to: the allotment of up to 5,000,000 new ordinary shares of 0.1 pence each in the capital of the Company in connection with the Placing; and the allotment of up to 3,737,971 new ordinary shares of 0.1 pence each in the capital of the Company in connection with the Acquisition, and unless previously renewed, revoked, varied or extended this power shall expire at the conclusion of the next annual general meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted under this authority after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

Dated: 11 February 2019

Registered Office:

Unit 3 Clive Court
Bartholomews Walk
Cambridgeshire Business Park
Ely
Cambridgeshire
CB7 4EA

By order of the Board:

Christopher Hartshorne
Tania Avgoustidis
Company Secretaries

Notes:

1. A member who is entitled to attend, speak and vote at the meeting may appoint a proxy to attend, speak and vote instead of him. A proxy need not be a member of the Company but must attend the meeting in order to represent you. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A Form of Proxy accompanies this document. The notes to the Form of Proxy include instructions on how to appoint the chairman of the meeting or another person as a proxy. To be valid the Form of Proxy must reach the Company's registrar, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by 11.00 a.m. on 27 February 2019 (or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting).
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at 6.30 p.m. on 27 February 2019 (or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting excluding any part of a day that is not a working day) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting. All members registered in the register of members of the Company at the start of the meeting (or any adjourned meeting) who hold ordinary shares are entitled to attend, speak and vote at the meeting (or any adjourned meeting).
3. Please note that communications regarding the matters set out in this Notice of General Meeting will not be accepted in electronic form, other than as specified in the accompanying Form of Proxy.
4. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
5. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in note 1 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
6. **Electronic voting instructions through the CREST voting system**

Shareholders who are CREST members may issue an instruction by using the CREST electronic voting appointment service. Further details are set out below.

 - (i) An instruction may be issued through the CREST electronic voting appointment service by using the procedures described in the CREST manual (available from www.euroclear.com/CREST) subject to the provisions of the Company's Articles of Association. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.
 - (ii) In order for instructions made using the CREST service to be valid, the appropriate CREST message (a CREST Voting Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (EUI) and must contain the information required for such instructions, as described in the CREST Manual.
 - (iii) To give an instruction through the CREST system, CREST messages must be received by the issuer's agent (ID: RA19) not later than 48 hours before the General Meeting (or any adjournment). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a CREST voting instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If a member has exercised the right, pursuant to the Company's articles of association and section 145 of the Companies Act 2006, to nominate another person to exercise the right to attend, speak or vote at the meeting or appoint a proxy for the meeting, then that nominee shall have those rights to the exclusion of the member.

