



**OpSec Security Group**  
**Capital Restructuring**  
**February 2010**

## Highlights

- OpSec has signed an investment and loan agreement with Investcorp Technology Partners
- Transaction will raise £15.7 million gross proceeds through:
  - £0.64 million placing of ordinary shares
  - £7.0 million issue of preferred shares
  - \$13.0 million debt financing
- Preferred share issue and loan financing conditional upon shareholder approval at a General Meeting on 18 February 2010
- Irrevocable undertakings given for 8.8% of the enlarged share capital with letters of intent for a further 12.3%
- Capital raise allows OpSec to repay existing RBS facility and improve cash flow flexibility
- Closing date scheduled for mid-March 2010

## Investcorp Technology Partners

- **ITP is a technology-focused private equity investor**
  - Successfully investing in Europe and North America for 27 years
- **\$1 billion of assets under management across three funds**
  - Consistent top-quartile IRR performance
  - Managed by a cross-Atlantic 10 person team, based in London and New York
  - Multidisciplinary team with operational, strategic and financial backgrounds
- **Expertise in undertaking complex private equity transactions**
  - Transactions include public situations, growth buyouts and corporate carve-outs
  - Prior experience investing in European PIPEs
- **Investors in growing small to medium-sized technology companies**
  - Target profitable technology companies with up to \$200 million in revenue
  - Provide support for organic and add-on acquisition growth
  - Significant experience in the IT security industry
  - Work with portfolio companies to enhance operations and assist geographic expansion
  - Investcorp brings existing relationships with governments and premium brands

## Transaction Summary

- **Total capital raise of £15.7 million:**
  - Placing of 2,668,850 new ordinary shares at £0.24 per share for gross proceeds of £640,524
  - Issue of 20,000,000 preferred shares at £0.35 per share for gross proceeds of £7,000,000
  - New debt financing of \$13,000,000
  - Customary standstill and lock-in arrangements
- **Use of proceeds:**
  - Full repayment of existing facility with RBS
  - Provide working capital for the Company
  - Fund potential bolt on acquisitions
  - Fund new growth initiatives and product development
  - Fees and expenses

## Ordinary Share Placing

- Placing of 2,668,850 new ordinary shares at £0.24 per share
- Gross proceeds of £640,524
- Represents 4.8% of OpSec's enlarged share capital post-issue
- Issued at a 68.4% premium to current share price\*
- Within current authorities and not subject to shareholder approval

\* Share price of £0.1425 as at 29 January, 2010

## Preferred Share Issue

- Issue of 20,000,000 preferred shares at £0.35 per share
- Gross proceeds of £7,000,000
- Subject to shareholder approval
- Represents 26.3% of OpSec's enlarged share capital, bringing Investcorp's total equity stake and voting rights to 29.8% including ordinary shares
- Annual dividend of 9.75%, cumulative and paid in cash either annually or on the fifth anniversary of issuance
- Convertible into ordinary shares at option of Investcorp or at option of the Company if a follow-on public offering takes place
- Gives Investcorp the right to appoint two Board representatives
- Redeemable by Investcorp under a change of control (at par plus accrued interest)

## Terms of Loan

- New debt financing of \$13,000,000
- Debt is conditional on the issue of the preferred shares (which is subject to shareholder approval )
- Annual interest rate of 9.00%, accrued quarterly but payable at maturity
- Five-year maturity with a bullet repayment
- Financing fee of 1.00% of total principal amount
- Will be used (with the proceeds from the share issues) to repay the existing RBS debt facility
- Same security arrangement as the RBS facility
- No quarterly financial covenants
- The Company can repay at any time subject to an escalating prepayment penalty after June 30, 2011
- Prepayment on a change of control – full outstanding principal amount, accrued but unpaid interest, applicable prepayment penalty, and the future interest payable through to maturity

## Summary

- The financing with Investcorp will better position OpSec for future growth – organic and via acquisition
- Recently completed restructuring and capital investment have positioned the Company to benefit from an upturn in sales
- Replacing the RBS facility relieves the pressure of highly restrictive covenants and the current cashflow burden of the capital and interest payments
- Creates a relationship with a stable, long-term capital partner committed to helping grow the business and participating in a future fund raising

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