

13 October 2017

**PipeHawk plc**  
**("PipeHawk" or the "Company")**

**Sale of interest in SUMO**

PipeHawk announces that it has sold its 28.4 per cent. joint venture interest in the ordinary share capital of SUMO Limited ("SUMO") to Gordon Watt, the Executive Chairman of the Company, for a consideration of £197,499, being the original cost of the investment, subject to shareholder approval ("the SUMO Share Sale"). The consideration will be satisfied in cash. Gordon Watt has agreed to pay the consideration immediately and therefore the payment of £197,499 will be treated as a loan, on identical terms to the existing loans due to Gordon Watt, until such amount becomes payable under the agreement for the SUMO Share Sale.

In the consolidated accounts as at 31 December 2016, the investment in SUMO was held at a net book value of £53,000. In the year ended 31 December 2016, management accounts supplied by SUMO indicate that the SUMO Group incurred an unaudited loss before tax of £35,305 and in the half year ended 30 June 2017 the SUMO Group achieved an unaudited profit before tax of £20,260 and had unaudited net assets of £191,517.

SUMO is a multi-disciplinary survey practice which operates primarily in a highly competitive market place in South-East of England and does not compete with the Company's wholly-owned subsidiary, Adien Limited, which operates primarily in Scotland, Northern Ireland, the Midlands and the North of England. The Board considered that the investment in SUMO was non-core.

In accordance with the articles of association of SUMO, before the Company could enter into the agreement with Gordon Watt, the shares in SUMO held by PipeHawk had to be offered at the same price to all other SUMO shareholders. No SUMO shareholder chose to exercise their right to acquire the shares.

Gordon Watt has agreed that in the event that SUMO effects a fundraising at a pre-money valuation in excess of £700,000 (equivalent to £2 per SUMO share, the price being paid by Gordon Watt) before 30 June 2018 or SUMO effects a sale of the company or an IPO at a price greater than £2 per SUMO share before 13 October 2020, then further consideration of 50 per cent. of the value of such excess will be payable in cash to the Company by Gordon Watt.

The independent directors, Randal MacDonnell and Soumitra Padmanathan, having consulted with the Company's nominated adviser, Allenby Capital Limited, consider that the terms of the sale of the investment in SUMO and the loan provided by Gordon Watt are fair and reasonable insofar as the shareholders of PipeHawk are concerned.

A resolution to approve the sale of the 28.4 per cent. joint venture interest in the ordinary share capital of SUMO will be proposed at the Annual General Meeting in December, notice of which will be sent to shareholders in due course.

**Enquiries:**

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**Allenby Capital Limited (Nomad and Broker)**  
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