

## **MXC Capital Limited**

**("MXC" or the "Company")**

### **Subscription for Loan Notes in IDE Group Holdings plc**

MXC (AIM: MXCP), the technology focused adviser and investor, announces that it has agreed to invest up to a further £9.0 million in IDE Group Holdings plc ("IDE") by way of a subscription for secured loan notes ("IDE Loan Notes") out of a total issue of £10 million. MXC currently holds 43.1 per cent. of the issued share capital of IDE.

The IDE Loan Notes subscription is being undertaken in two tranches. Under the first tranche, £5.3 million of IDE Loan Notes have been subscribed for; £4.3 million by MXC and £1 million by another existing shareholder of IDE (the "First Tranche Loan Notes"). £4.125 million of the proceeds of the First Tranche Loan Notes will be used to part repay IDE's £8.25 million debt facilities with National Westminster Bank plc ("Natwest") (the "Facilities") (the "First Repayment"). The second tranche of £4.7 million will be made available for subscription by all other shareholders of IDE by way of an open offer (the "Second Tranche Loan Notes") but will be underwritten by MXC. £4.125 million of the proceeds of the Second Tranche Loan Notes will be used to repay IDE's remaining debt facilities with Natwest by latest 31<sup>st</sup> March 2019 with the balance of the aggregate £10 million fundraising being used to provide additional working capital for IDE. The IDE Loan Notes will deliver longer-term funding for IDE, thereby affording security for all IDE's stakeholders.

#### **Terms of the IDE Loan Notes**

The IDE Loan Notes have a term of six years (the "Term") and an annual coupon of 12 per cent., which is rolled up, compounded annually and payable at the end of the Term. The IDE Loan Notes carry an arrangement fee of 2.5 per cent., payable at the end of Term, and an exit fee of 2.5 per cent., also payable at the end of the Term, both payable pro-rata to the subscribers of IDE Loan Notes. The IDE Loan Notes are secured on IDE's assets, though the First Tranche Loan Notes are subordinated to the Facilities with Natwest until such Facilities have been fully repaid. Thereafter the IDE Loan Notes will have first charge over IDE's assets. The IDE Loan Notes can be redeemed at any time at IDE's option, however, should IDE opt to redeem them prior to the end of the Term, all interest due until the end of the Term will become payable, together with the arrangement and exit fees, upon such early redemption.

#### **The MXC Underwriting Agreement and Guarantee**

MXC has entered into an underwriting agreement with IDE under which IDE will pay MXC a fee equal to 5 per cent. of the value of the Second Tranche Loan Notes subscribed for by it and a fee equal to 2.5 per cent. of those Second Tranche Loan Notes subscribed for by other shareholders.

Furthermore, MXC has also given a guarantee in favour of Natwest (the "Guarantee") whereby MXC has agreed to guarantee the amount of the Facilities which will remain outstanding following the First Repayment, being a maximum of £4.125 million. Under the guarantee MXC has, *inter alia*, undertaken with Natwest that if IDE does not pay any amount due under the Facilities, it shall upon demand pay that amount as if it were the principal debtor. Should Natwest call upon the Guarantee, then MXC will be issued with IDE Loan Notes equal to the amount it has paid to Natwest under the Guarantee. MXC is not receiving a fee for providing the Guarantee.

IDE is a mid-market network, cloud and IT managed services provider. Ian Smith, CEO of MXC, is an Executive Director of IDE and MXC Capital Markets LLP acts as financial adviser to IDE. Further details about IDE (including latest announcements and financial reports) are available at [www.idegroup.com](http://www.idegroup.com).

#### **Market Abuse Regulation (MAR) Disclosure**

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement

**MXC Capital Limited**

Ian Smith

+44(0)20 7965 8149

**Zeus Capital Limited (Nominated adviser and broker)**

Nick How

+44 (0)20 3829 5000

**About MXC Capital Limited      [www.mxccapital.com](http://www.mxccapital.com)**

MXC is a specialist technology adviser and investor with a track record of investing in and advising companies in the TMT sector. MXC brings together a deep knowledge of technology, first-hand experience of managing companies in the sector, an ability to make meaningful investments and a highly experienced corporate advisory team in support, all of which combine to grow shareholder value.