

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

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

**Pre-close Trading Update, Proposed Demerger of Transactional Businesses and Proposed Tender Offer**

MXC (AIM: MXCP), the technology focused adviser and investor, is pleased to provide an update on trading for the year ended 31 August 2019 and other corporate matters.

**Financial Summary**

The Company expects to report a profit at Trading EBITDA level<sup>1</sup> of no less than £1.7m for the year (2018: loss of £1.2 million). This return to trading profit has been delivered as a result of the combination of management fees from the joint venture with Liberty Global plc ("LGJV") and the partnership with Ravenscroft Limited to advise the GIF Technology & Innovation Cell (the "GIF") in addition to transaction and consultancy fees and loan interest. These revenue streams have continued into the current year.

The Company confirms that as at 31 August 2019 it had an unaudited Net Asset Value<sup>2</sup> ("NAV") of 116 pence per share (31 August 2018: 95 pence per share) with the underlying portfolio and liquid assets<sup>3</sup> valued at 103 pence per share (31 August 2018: 80.5 pence per share). Cash as at 31 August 2019 amounted to £21.5 million. The Company has a strong pipeline of investment opportunities and expects that the majority of the cash will be invested within the next few months.

**Progress with Investments**

In terms of our quoted investments, both Adept4 plc ("AD4") and IDE Group Holdings plc ("IDE") have stabilised and have begun their journey of recovering the previously lost value.

With respect to our partnerships, LGJV successfully completed two additional transactions and now has a solid platform of monthly profitability. Additional deals continue to be reviewed. The GIF is substantially invested with a current pipeline that should see the fund fully invested or committed by the end of this calendar year. Dialogue has commenced with the shareholders of the GIF about a follow-on fund leading to potential further management fees in the future.

**Proposed Demerger of Transactional Businesses**

In September 2018, MXC announced the sale of 25% of the issued share capital of MXC Capital UK Limited ("MXCUK") to Ravenscroft Holdings Limited which valued the division at £9 million. MXCUK is a subsidiary of MXC and is the holding company of the Group's transactional businesses which receive the management, transactional and consultancy fees generated by the Group. The value of this division is not fully reflected in MXC's NAV and hence the Board is proposing to demerge this business into a new company and list this company on The International Stock Exchange in Guernsey ("TISE"). Should the proposed demerger be approved by shareholders, all existing shareholders in MXC will receive their pro-rata allocation of shares in the new company and its shares will be able to be traded on TISE. It is anticipated that the demerged business will be dividend paying. A circular will be sent to shareholders in due course with further details about the proposed demerger and subsequent listing on TISE and requesting shareholder approval.

**Proposed Tender Offer**

MXC is pleased to announce that the Board has decided to reward shareholder loyalty by reviving its policy of returning capital to shareholders. The Board's intention is to establish a progressive policy which will see capital being returned to shareholders by way of periodic tender offers. The mechanism of a tender offer gives shareholders the flexibility to either realise a return by allowing the Company to purchase a portion of their shares for cash, or to retain a potentially larger relative holding in the Company so that they might further benefit from any future capital growth. The proposed

amount for this year's tender offer is equivalent to the trading profit for the Group, being £1.7 million, and, subject to shareholder approval, is expected to be paid out in October this year. The price for the tender offer will be 116 pence per share, being the NAV per share as at 31 August 2019. A circular will be sent to shareholders giving further detail of the proposed tender offer and the expected timetable shortly.

**Peter Rigg, Chairman of MXC, commented:**

"The year to 31 August 2019 saw significant progress for MXC both in terms of trading profitability and with respect to its investments. Post a couple of difficult years, I am delighted that the hard work of the MXC team is paying off and that we can reward shareholders for their loyalty by way of a return of capital. Furthermore, the Board believes that the proposed demerger of the Group's transactional businesses into a separate listed company will give shareholders the opportunity to benefit from the value in these businesses which is currently not fully recognised in MXC's NAV or its share price. We look forward to the coming years with confidence."

*<sup>1</sup> earnings from trading activities before interest payable, tax, depreciation, amortisation, non-recurring and exceptional items, share-based payments and movements in fair value of investments and after interest income under the effective interest method as this is considered to be part of the trading activities of the Group*

*<sup>2</sup> total balance sheet net assets plus market value of shares held in the Employee Benefit Trust as at 31 August 2019*

*<sup>3</sup> comprises cash balances, investments, outstanding loan capital and accrued interest and the market value of shares held in the Employee Benefit Trust as at 31 August 2019*

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**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.