

MXC Capital Limited
(“MXC”, the “Company” or the “Group”)

Proposed Placing of 480,000,000 new Ordinary Shares at a price of 2.5 pence per share

and

Proposed acquisition of the entire issued share capital of MXC Holdings Limited

MXC Capital Limited (AIM:MXCP), the AIM quoted technology focused merchant bank, is pleased to announce that the Company has conditionally raised £12 million by way of a placing (the "Placing") of a total of 480,000,000 new ordinary shares (without par value) (the "Placing Shares") at a price of 2.5 pence per share (the "Placing Price").

Summary

- Gross proceeds of the Placing of £12 million; estimated net proceeds of £11.7 million (after expenses)
- The proceeds of the Placing, together with the Company's existing cash resources, will be used to pursue a number of near-term, identified opportunities and further develop a growing pipeline of future opportunities
- Proposed share acquisition of parent company MXC Holdings Limited (“MXC Holdings”) simplifies the Group structure and aligns interests of all shareholders (the “Acquisition”)

MXC has also today issued its Interim Results for the six months ended 28 February 2015 which can be found on the Company's website: www.mxccapital.com

Commenting on today's announcement, Peter Rigg, Chairman of MXC Capital, said: “Completing 13 transactions and generating £5.9m of EBITDA over a six month period demonstrates the potential of the MXC model. The Placing, combined with our existing funds, provides the team with more than £27 million to invest in a significant pipeline of identified opportunities. The proposed all share acquisition of MXC Holdings simplifies our structure and aligns the interests of all our shareholders. The track record, the additional funds to invest and the alignment of our shareholders' interests all combine to give me confidence that MXC is well set to prosper and I am delighted to welcome new institutional investors to the company”

Background to and reasons for the Placing

MXC is an AIM quoted merchant bank specialising in investing in technology companies. MXC is a Guernsey based and incorporated permanent capital vehicle the board of which (comprising Peter Rigg, Paul Guilbert and Marc Young) is responsible for MXC's investment strategy, capital raising and supervision of the Company's London based

advisory business and its Advisory Board. The Advisory Board of MXC Capital Advisory LLP (which comprises a number of the group's key operational and advisory professionals) is responsible for originating investment opportunities and providing day-to-day management of those investments.

The Company has now raised, conditional on Shareholder approval, approximately £12 million (before expenses) to augment existing investment funds of approximately £15 million. The proceeds of the Placing will be used to:

- pursue a number of near-term, identified opportunities;
- further develop a growing pipeline of future opportunities; and
- continue to execute opportunistic transactions such as the recent purchase, restructure and serial disposals of Calyx Managed Services.

Broker Option to provide Ordinary Shares to retail shareholders

The Company has granted a broker option to Zeus Capital Limited ("Zeus Capital") in order to facilitate non-institutional shareholders to acquire further ordinary shares (without par value) ("Ordinary Shares") in the Company (the "Broker Option"). The Broker Option is exercisable on more than one occasion at any time in the period from 1 June 2015 to 15 June 2015. Any Broker Option shares issued pursuant to the exercise of the Broker Option will be issued at the Placing Price on the same terms and condition as the other new Ordinary Shares issued pursuant to the Placing. The Broker Option may be exercised by Zeus Capital with the agreement of the Company and there is no obligation on Zeus Capital to exercise the Option or to seek to procure subscribers for the Broker Option shares. The maximum number of new Ordinary Shares that may be issued pursuant to the exercise of the Broker Option is 40,000,000 new Ordinary Shares. The maximum number of new Ordinary Shares that may be issued pursuant to the Placing and the Broker Option is 520,000,000 new Ordinary Shares.

Related party transaction

The participation of Nigel Wray in the amount of 116,000,000 new Ordinary Shares in the Placing constitutes a related party transaction under the AIM Rules for Companies by virtue of Nigel Wray being a substantial shareholder in the Company. The Directors consider, having consulted with Zeus Capital, its nominated adviser, that the terms of the transaction are fair and reasonable in so far as Shareholders are concerned.

Current trading and prospects

On 7 May 2015 the Company announced its Interim results for the six months ended 28 February 2015.

The Directors consider that this was an important period for MXC with the completion of the Group's restructuring during the period and subsequent investment in the people and systems which form the infrastructure to deliver on the Group's strategy. The Directors are of the view that the results for the six months ended 28 February are not representative of the Company going forward since they include the cost of establishing the business and a period of restricted trading during which the Company was unable to

carry on meaningful business due to the process of acquiring MXC Capital Advisory LLP, the associated FCA change of control and the re-domicile to Guernsey.

However, since the period end, the Company has enjoyed a very productive few months to date with a number of completed investments, disposals and advisory transactions which the Directors consider demonstrate the broader potential of MXC. With the £12 million gross proceeds of the Placing, the Company will have, combined with its existing cash resources, in excess of £27 million to invest in a significant pipeline of identified opportunities which the Board therefore believes positions the Group strongly for the future. The Board looks forward to the future with confidence.

Strategy of the Company

MXC is a technology focused merchant bank that invests in opportunities through London's capital markets. MXC is differentiated by the combination of a successful investment track record, operational experience and an FCA regulated financial advisory business. The model was established to retain and grow value for the Company's shareholders. The Company is seeking to capitalise on the considerable momentum it has built since joining AIM, having made 3 investments and delivered an IRR of 358% since August 2014. MXC has successfully concluded 13 transactions in the past six months including 5 acquisitions for buy-and-build strategies at Castleton Technology plc, 365 Agile Limited and Redcentric plc.

The Company's strategy is to take meaningful stakes (typically between 10 and 29.9 per cent.) in UK focused technology businesses, principally quoted but also private, which are, or have the near term potential to be, profitable and cash generative. It will generally focus on business to business opportunities and intends to build a number of principal investments in quoted companies. The Company will also evaluate and consider opportunistic investments in undercapitalised or distressed businesses.

The Company will seek to focus on sourcing and selecting investment opportunities in IT Services, particularly Managed Services, IT Security, IoT (the 'Internet of Things'), Robotic Process Automation, Financial Technology and ISPs ('Internet Service Providers').

The Company seeks to add value to its investments by:

- being actively involved in the day-to-day management of the businesses which it invests in, leveraging MXC's operational experience;
- assisting the boards of investee companies to define the strategy and the structure of their businesses;
- helping investee companies to source both equity and debt financing; and
- utilising MXC Capital Advisory's expertise in originating and executing transactions.

Proposed acquisition of MXC Holdings

MXC Holdings is the original investment vehicle established by Ian Smith and Tony Weaver in 2009 that led investments including Redstone plc, Maxima Group Holdings plc and Accumuli plc and in which Ian Smith and Tony Weaver remain the significant shareholders. It now holds a significant stake in Redcentric plc and certain other quoted

investments (which have an aggregate market valuation as at the date of this announcement of £15.6 million), as well as holdings in certain private companies and a profitable consultancy services division which generates revenue from board fees and consultancy services (including all the income in relation to Ian Smith and Tony Weaver's board positions).

Subject to securing related regulatory clearances and the completion of certain re-organisation steps, it is the Company's intention, acting through its wholly owned subsidiary MXC Guernsey Limited, to acquire MXC Holdings in a share-for-share transaction and to unify the MXC group organisation, management and investment interests into a single AIM quoted company, thereby aligning the interests of all its shareholders.

Following the Acquisition, the shareholders of MXC Holdings will be issued with new Ordinary Shares in satisfaction of the consideration payable in exchange for the entire issued share capital of MXC Holdings. The new Ordinary Shares which will be issued to shareholders of MXC Holdings in connection with the Acquisition will reflect (i) the value of the assets of MXC Holdings which are subject of a call option; and (ii) the value of the shares held by MXC Holdings in the Company. In consideration of this, and to give certainty over the maximum valuation of MXC Holdings which the Company would, based on the current valuation of its investments, be prepared to pay, the Company will enter into a call option with the shareholders of MXC Holdings which will allow the Company's wholly owned subsidiary, MXC Guernsey Limited, to acquire MXC Holdings at a price which values the assets of MXC Holdings (other than shares held by MXC Holdings in the Company) at a maximum price of £15 million. The Company would propose to acquire MXC Holdings subject to certain conditions, including the grant of certain regulatory consents, the completion of an independent valuation report and the approval of shareholders of certain matters in connection with the Acquisition at a subsequent general meeting.

Whilst there can be no guarantees that the Acquisition will complete, the Directors can confirm that they intend to pursue this proposal as soon as practicable following the conclusion of the General Meeting. If the Acquisition completes, certain related matters will constitute related party transactions under the AIM Rules for Companies. The Board and Zeus Capital, the Company's nominated adviser, will consider the terms of the transaction at the relevant time with a view to providing the necessary confirmations to Shareholders on the terms agreed.

Long Term Incentive Plan ("LTIP")

As disclosed at the time of the Company's admission to trading on AIM, and restated at the time of the Company's redomicile, the Board intends to put in place a Long Term Incentive Plan for the benefit of both the management team (from time to time) and MXC Holdings, to incentivise them as well as align their interests with those of Shareholders.

These arrangements will only reward the participants if shareholder value is created. For the purposes of the plan, "shareholder value" shall broadly mean the difference between the market capitalisation of the Company at the point in time that any assessment is made and the sum of: (i) the market capitalisation of MXC Capital plc (at 1 penny per ordinary

share) following the admission of certain placing shares on 13 August 2014; (ii) the aggregate value (at the subscription price) of any Ordinary Shares issued subsequently and up to the date of this document; and (iii) the aggregate value (at the subscription price) of all Ordinary Shares issued hereafter and up to the point in time that any assessment is made, in each case adjusted for dividends and capital returns to Shareholders.

The beneficiaries of the plan will be entitled to a maximum share of 12.5 per cent. of shareholder value (as defined above) created, subject to certain share price performance criteria set out below. As originally disclosed, in the event that the Company achieved a ten day average mid-market closing share price of 1.5 pence at any point during the term of the LTIP, the beneficiaries would become entitled to a quarter of this 12.5 per cent., being 3.125 per cent. of shareholder value created; the remaining quarters would vest at the point the Company achieved a ten day average mid-market closing share price of 2 pence, 2.5 pence with the full amount vesting at 3 pence. These share price targets are therefore already partially achieved and determine management's share of any shareholder value created with the LTIP capable of being vested from August 2017. Management's share of shareholder value created shall not be diluted by subsequent share issuances although any subsequent share issuances are factored into calculations of value creation.

It is proposed that: (i) the plan shall have a term of 5 years from the originally intended date of implementation being August 2014; and (ii) the management team and MXC Holdings shall participate in the plan on the same terms and conditions, save that the management will be entitled to 36 per cent. of all amounts awarded pursuant to it and MXC Holdings to the balance, being 64 per cent. If the proposed acquisition of MXC Holdings should complete in the expected timeframe, the LTIP awards allocated to MXC Holdings will not be made and there will therefore be substantial headroom within the Scheme to incentivise current and future employees of MXC.

The Board proposes to implement the scheme as originally set out as soon as reasonably practicable.

General Meeting

The Directors do not currently have sufficient authority to issue all of the new Ordinary Shares in connection with the Placing, the Broker Option and the proposed acquisition of MXC Holdings (should the acquisition complete) (the "Placing and the Proposals"). Accordingly, the Directors will be seeking the approval of Shareholders at a general meeting to issue such number of new Ordinary Shares as would be required to effect these issuances.

A general meeting of shareholders of the Company is to be convened for the purpose of considering the relevant resolutions (the "Resolutions") at 10.00 a.m. on 1 June 2015 at the offices of Carey Group, 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW (the "General Meeting") and, assuming the Resolutions are passed and the Placing has otherwise become unconditional, completion of the Placing is expected to take place on 2 June 2015. A circular to shareholders convening the requisite general meeting is expected to be posted shortly. Assuming that the requisite

shareholder approvals are obtained and Admission occurs, the Company will issue pursuant to the Placing 480,000,000 new Ordinary Shares in the Company which will represent approximately 19.63% of the issued share capital as enlarged by the Placing. The enlarged share capital of the Company post Placing will comprise 2,445,350,992 Ordinary Shares (assuming the Broker Option is not exercised).

Recommendation

The Directors consider that the Placing and the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial shareholdings amounting, in aggregate, to 6,000,000 Ordinary Shares, representing approximately 0.3 per cent. of the Company's existing issued ordinary share capital.

For further information please contact:

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Expected posting date of the shareholder circular	8 May 2015
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 28 May 2015
General Meeting	10.00 a.m. on 1 June 2015
Admission and dealings in the Placing Shares expected to commence on AIM	8.00 a.m. on 2 June 2015
Expected date for CREST stock accounts to be credited for Placing Shares in uncertificated form	2 June 2015
Expected date for delivery of definitive share certificates for Placing Shares to be held in certificated form	By 16 June 2015

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this announcement may be adjusted by the Company in consultation with Zeus Capital, in which event details of the new times and dates will be notified to the London Stock Exchange and, where appropriate, Shareholders.

(2) All references in this announcement to times are to London time unless otherwise stated.