

IDE Group Holdings Plc
("IDE Group" or the "Company")

Issue of Loan Notes, Settlement of Trademark Infringement claim,
Board Changes
and
Appointment of Financial Adviser

IDE Group Holdings plc ("IDE Group", the "Group" or the "Company"), the mid-market network, cloud and IT Managed Services provider, announces that it has raised £2 million by the issue of loan notes. The Company also announces settlement of its trademark infringement claim from Coreix Limited, certain changes to the board of directors (the "Board") and the appointment of a financial adviser.

Issue of Loan Notes

Further to the announcement on 23 May 2018, the Company announces today that it has agreed terms for funding for £2.0 million by way of the issue of loan notes (the "Loan Notes") to two substantial shareholders of the Company, Kestrel Partners LLP and MXC Capital Limited ("MXC Capital"), and Salvators Lending Ltd (the "Loan Note Holders"). Salvators Lending Ltd is beneficially held and controlled by Bill Dobbie, the Interim Non-Executive Chairman and an 8.8 per cent. shareholder of the Company.

The Loan Notes are unsecured and have a three-year term with an annual coupon of 10 per cent. payable annually, alongside an arrangement fee of 1.5 per cent., payable on the first anniversary of the issue of the Loan Notes.

The proceeds from the issue of the Loan Notes will support the Company's foreseeable working capital needs during the ongoing strategic and operational review which is expected to complete during the third quarter of the year.

Details of Subscription

The Loan Note Holders have agreed to subscribe for unsecured loan notes in the following amounts:

Loan Note Holders and Related Parties	Subscription
Kestrel Partners LLP	£750,000
MXC Capital	£750,000
Salvators Lending Ltd	£500,000

Related party transaction

As each of Kestrel Partners LLP and MXC Capital are substantial shareholders of the Company, and Salvators Lending Ltd is beneficially held and controlled by Bill Dobbie, the Interim Non-Executive Chairman, each of the Loan Note Holders is deemed to be a related party pursuant to the AIM Rules for Companies (the "AIM Rules"). The issue of the Loan Notes to the Loan Note Holders is therefore a related party transaction for the purposes of Rule 13 of the AIM Rules. The independent director of IDE Group, Katherine Ward, considers, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of the related party transaction are fair and reasonable insofar as the shareholders of the Company are concerned.

The independent director considers that a fundraising by way of the issue of the Loan Notes is the most appropriate route for the Company to raise the capital it needs in the timescale available.

Settlement of Trademark Infringement claim

Further to the announcement on 7 February 2018, the Company has now reached a full and final settlement of the claim from Coreix Limited. Under the terms of the settlement, the Company will pay damages of £250,000 over the course of 10 months, plus costs of £3,000 relating to a recent court hearing. The Company apologises unreservedly to Coreix Limited for the period of infringement of the Coreix trade mark.

The agreement is conditional upon the parties agreeing, and the Court approving, the terms of a formal Court Order which is expected to be considered by the Intellectual Property Enterprise Court.

Board Changes

The Company also announces that Ian Smith has joined the Board with immediate effect in a part time executive capacity to lead the Group's strategic and operational review. Julian Phipps has stepped down from the Board with immediate effect.

Ian has an extensive track record of investing in and managing technology companies and is co-founder and CEO of MXC Capital. Ian has sat on numerous boards and either led or been involved in a large number of transactions in the TMT sector. Ian led strategic change and value accretion at Redstone plc and Accumuli plc and was previously deputy executive chairman and CEO at Castleton Technology plc.

Mr Smith holds no direct beneficial interest in IDE Group, however is CEO and a substantial shareholder of MXC Capital which has an interest in 43,960,000 ordinary shares in the Company, representing approximately 21.90 per cent. of the Company's issued share capital.

Appointment of Financial Adviser

The Company also announces that it has appointed MXC Capital Markets LLP, a subsidiary of MXC Capital, as financial adviser. The material terms of this engagement include a transaction fee equal to 2.5% of the enterprise value of any relevant corporate transaction concluded by the Company, plus an annual retainer of £30,000.

Bill Dobbie, Interim Non-Executive Chairman of IDE Group, commented:

"Whilst the situation that IDE finds itself in is disappointing, I am pleased to be able to support the Company alongside other shareholders whilst it undergoes a strategic review. Despite the poor cash performance of the business, we believe that there is marketable value in the underlying business activities and the focus will be on restoring shareholder value."

IDE Group Holdings Plc

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Bill Dobbie, Non-Executive Director

N+1 Singer

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Nominated Adviser and Broker
Jen Boorer

MXC Capital Markets LLP

Tel: +44 20 7965 8149

Financial Adviser
Charlotte Stranner

Andrew Ian ("Ian") Smith, aged 54, currently holds or has held the following directorships and partnerships in the last five years:

AIM Disclosure

Current

MXC Capital Limited
MXC Guernsey Limited
Fort George Capital Limited
Unitranche Ltd
MXLG Acquisitions Limited
Mathian (Newco) LLP

Previous

Mantin Capital Limited
Fastnet Systems plc
Dialnet plc
MXC Capital Finance Limited
Mathian (CM) Limited
Mathain (Newco) LLLP
MXC Capital Listco Plc
Castleton Software Solutions Ltd
Castleton Managed Services Ltd
Castleton Technology Intermediate Holding Company Limited
Castleton Technology Holdings Ltd
Castleton Technology plc
Kypera Holdings Limited
Kypera Limited
Hometeam.Net Limited
Castleton Financial Modelling Solutions Ltd
Impact Applications Limited
MXC Holdings Limited
365 Agile Limited
Montal Group Limited
Montal Computer Systems Limited
Redcentric plc
MXC Capital (UK) Limited
Redstone Converged Solutions Limited
Fujin Systems Limited

Ian Smith was a director of Decorum Networks Limited which was dissolved on 30 August 2007 with a deficiency to creditors of £619,305.

Ian Smith was also director of Broadblue Catamarans Limited which is in liquidation and Broadblue Catamarans Sales Limited which was dissolved on 5 August 2009.

The aggregate deficiency to members and unsecured creditors of both companies was estimated at £612,593.

There is no other information that is required to be disclosed pursuant to Schedule 2 paragraph (g) or Rule 17 of the AIM Rules for Companies.

Market Abuse Regulation

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