

**IDE Group Holdings Plc**  
**(“IDE”, the “Group” or the “Company”)**

**Completion of Strategic and Operational Review**  
**Sale of 365 ITMS Limited**  
**Board Changes**

IDE Group Holdings plc, the mid-market network, cloud and IT managed services provider, today announces the results of its strategic and operational review including the sale of 365 ITMS Limited (“365”), one of the Group’s subsidiaries, for a cash consideration of £3 million.

As announced in the Company’s interim results for the six months to 30 June 2018, as part of the strategic and operational review the Group has been split back into the three component parts which comprised the original acquisitions made by the Company with a view to potentially disposing of one or more of these component parts.

To that end, the Company announces the sale of 365 to PTCA Newco Limited (“PTCA”), a newly incorporated company owned by certain members of the management team within 365, on a cash free, debt free basis with a normalised level of working capital (the “Sale”). The consideration for the Sale is £3 million, payable in cash. The proceeds of the Sale will be used to reduce the Company’s net debt. MXC Guernsey Limited, a wholly owned subsidiary of MXC Capital Limited (“MXC”), IDE’s largest shareholder and the company which Ian Smith, Executive Director of IDE, represents, has provided debt funding to PTCA to enable PTCA to complete the Sale. MXC does not have an equity interest in PTCA.

365 was acquired by the Group in April 2017 and offers a range of complementary data centre, network, security and cloud services. In the year to 31 December 2017, 365 generated revenues of £10.4 million and an adjusted EBITDA\* of £0.4 million. As at 31 December 2017, 365 had net assets of £1.6 million. In addition, prior to the Sale certain assets relating to PACT, the Group’s business unit focused on cyber security, including contracts and staff, were transferred to 365. In the year to 31 December 2017, these assets generated revenues of £2.5 million and an adjusted EBITDA\* loss of £1.1 million.

Following the Sale, the Group’s remaining two businesses are IDE Group Manage Limited, which provides outsourced IT services, including 1st, 2nd and 3rd line IT support and network-based solutions, and IDE Group Connect Limited, which provides network services and data centre hosting services. There are no ongoing discussions with a view to disposing of these businesses and the Board is focused on right-sizing the Group to enable it to trade profitably. There is further work to be done in order to achieve this which is currently being undertaken but the Board believes that this is the best option for the Group to enable it to recover the value that has been lost.

In order to assist with the Group’s restructure, Andy Parker has become Executive Chairman of IDE, effective immediately. The Directors will look to add an independent non-executive director to the Board in the coming months and it is expected that Andy Parker will revert to being Non-Executive Chairman once the Group has completed its restructure.

\* *Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional items and (loss)/gain on disposal of fixed assets*

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