

Dated 9 January 2019

IDE GROUP HOLDINGS PLC

LOAN NOTE INSTRUMENT
constituting
£10,020,050 Secured Loan Notes 2025

This Instrument is subject to the Finance Documents (as defined herein)

Table of contents

Clause heading and number

Page number

1. AMOUNT OF THE NOTES 1

2. RANKING 1

3. LOAN NOTE CERTIFICATES..... 1

4. CONDITIONS OF ISSUE 1

5. REGISTER 2

6. NOTES NOT TO BE QUOTED 2

7. ENFORCEMENT 2

8. MODIFICATION..... 2

9. ASSIGNMENT 2

10. THIRD PARTY RIGHTS 2

11. GOVERNING LAW AND JURISDICTION..... 3

SCHEDULE 1 4

FORM OF CERTIFICATE..... 4

SCHEDULE 2 6

THE CONDITIONS 6

PART 1 – REDEMPTION OF NOTES 8

PART 2 – CONVERSION **ERROR! BOOKMARK NOT DEFINED.**

PART 3 – OTHER MATTERS 11

THIS INSTRUMENT is made the 9th day of January 2019

BY:

IDE GROUP HOLDINGS PLC, a company incorporated in a company incorporated in Scotland with registered number SC368538 whose registered office is at 24 Dublin Street, Edinburgh EH1 3PP (the "**Company**").

WHEREAS:

- (A) The Company has pursuant to its articles of association and by resolution of its board of directors, passed on 9 January 2019, created a maximum principal amount of £10,020,050 secured loan notes 2025 to be constituted in the following manner.
- (B) The rights and obligations of the Parties to this Deed are also governed by the Finance Documents.

IT IS AGREED as follows:

1. AMOUNT OF THE NOTES

- 1.1 The aggregate principal amount of all the Notes is limited to £10,020,050.
- 1.2 The Notes shall be secured loan notes 2025 and shall be issued by the Company in integral multiples of £1.

2. RANKING

Subject always to the Finance Documents, all the Notes shall rank *pari passu*, equally and rateably, without discrimination or preference among themselves and as secured obligations of the Company under this Instrument.

3. LOAN NOTE CERTIFICATES

- 3.1 Each Noteholder, or the joint holders of Notes, shall be entitled to receive (without charge) a Certificate executed as a deed by the Company for the amount of Notes held by it (or them) provided that joint holders of Notes will only be entitled to receive one Certificate in respect of their joint holding and delivery of a Certificate to the first-named joint holder set out in the Register shall be sufficient delivery to all.
- 3.2 Every Certificate shall have a copy of the Conditions set out in Schedule 2 endorsed on or attached to it.

4. CONDITIONS OF ISSUE

- 4.1 The Notes shall be issued subject to, and with the benefit of, the Conditions set out in Schedule 2 and shall be subject to the terms of the Finance Documents. The Conditions and the terms of the Finance Documents shall be binding on the Company, the Noteholders and all persons claiming through or under them.
- 4.2 The issue of the Notes shall be conditional upon:
 - 4.2.1 if subscribed for on the date of this instrument, the Noteholder entering into the Inter Creditor Agreement; or
 - 4.2.2 if subscribed for after the date of this instrument, and subject to the Finance Documents remaining in full force and effect, the Noteholder entering into a deed of accession to the Inter Creditor Agreement in a form acceptable to National Westminster Bank plc.

5. **REGISTER**

5.1 The Company shall keep, or cause to be kept, a register of the Notes at its registered office showing:

5.1.1 the names and addresses of the Noteholders;

5.1.2 the principal amount of the Notes held by every Noteholder and the principal monies paid up on them;

5.1.3 the date on which the name of that Noteholder is entered in respect of the Notes standing in its name; and

5.1.4 the serial number of each Certificate issued and the date of its issue.

5.2 Any change of name or address of any Noteholder shall immediately be notified to the Company and, on receipt, the Register shall be altered accordingly. The Noteholders (or any of them) and any person authorised in writing by any of them may, at all reasonable times during office hours, inspect the Register and take copies of it or extracts from it. The Company may, however, close the Register for such periods and at such times as the Company thinks fit, provided that the Register is not closed for more than 30 Business Days in any one year.

6. **NOTES NOT TO BE QUOTED**

No application has been, or is intended to be, made to any listing authority, stock exchange or other market for the Notes to be listed or otherwise traded.

7. **SECURITY**

The Company's obligations in respect of the Notes shall be secured by the Debenture.

8. **ENFORCEMENT**

8.1 The Company covenants with each of the Noteholders to perform and observe the obligations in this Instrument.

8.2 This Instrument shall operate for the benefit of all Noteholders and each Noteholder shall be entitled to sue for the performance or observance of the provisions of this Instrument in its own right so far as its holding of Notes is concerned.

9. **MODIFICATION**

9.1 Subject to the terms of the Finance Documents, the Company may, from time to time (by deed expressed to be supplemental to this Instrument) modify or amend any provisions of this Instrument (including the Conditions) or modify, abrogate or compromise the rights of the Noteholders in any respect where such modification, amendment, abrogation or compromise has been approved by the Noteholders holding more than 75 per cent. of the Notes in writing.

9.2 A memorandum of execution of any instrument supplemental to this Instrument shall be endorsed by the Company on this Instrument.

10. **ASSIGNMENT**

Subject to obtaining prior written consent of the Company and complying with paragraphs 1.2 to 1.4 of Part 2 of the Conditions, the Noteholders shall be permitted to assign, transfer, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any of its rights or obligations under this Instrument.

11. **THIRD PARTY RIGHTS**

This Instrument is enforceable under the Contracts (Rights of Third Parties) Act 1999 by the Company and any Noteholder, but not by any other person.

12. GOVERNING LAW AND JURISDICTION

12.1 This Instrument and the Notes (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of England and Wales.

12.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Instrument (including non-contractual disputes or claims). Accordingly, any proceedings relating to, or in connection with, this Instrument or the Notes (including non-contractual disputes or claims) may be brought in such courts.

IN WITNESS whereof this document has been duly executed as a deed and is intended to be and is delivered on the date first above written.

SCHEDULE 1

Form of Certificate

IDE GROUP HOLDINGS PLC

(Incorporated and registered in Scotland with registered number SC368538)

Certificate No.

Principal Amount

{●}

£{●}

£10,020,050 SECURED LOAN NOTES 2025

Created and issued pursuant to the articles of association of the Company and to a resolution of its board of directors passed on ● 2019.

THIS IS TO CERTIFY THAT [name of noteholder] of [address] is/are the registered holder(s) of £● in principal of Secured Loan Notes 2025 constituted by an instrument entered into by the Company on ● 2019 (the "**Instrument**") and issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions annexed to this certificate.

This Certificate and the Notes are subject to the terms of the Finance Documents (as defined in the Instrument).

DATED: 2019

EXECUTED as a DEED by IDE GROUP)
HOLDINGS PLC)
acting by)
in the presence of:)

.....
Signature of Director
.....
Print name of Director

WITNESS:

Signature:

Name:

Address:

.....

.....

Occupation:

At:

On:

Notes:

1. A copy of the Instrument is available for inspection at the registered office of the Company.
2. The Notes are governed by, and construed in accordance with, the laws of England and Wales.

SCHEDULE 2

The Conditions

1. INTERPRETATION

1.1 In these Conditions and the Instrument, unless the context requires otherwise:

"**AIM**" means the market of that name operated by London Stock Exchange plc;

"**Anti-Corruption Laws**" means all applicable UK anti-bribery and anti-corruption laws (including the Bribery Act 2010) and all applicable anti-bribery and anti-corruption regulations and codes of practice;

"**Business**" means the business of the Company, being the provider of software and managed services;

"**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which banks in the City of London are open for normal banking business;

"**Certificate**" means a certificate for Notes in the form (or substantially in the form) set out in Schedule 1;

"**Debenture**" means the fixed and floating charge created by the Company in favour of MXC Guernsey Limited (in its capacity as security trustee for the Noteholders);

"**Directors**" means the board of directors for the time being of the Company;

"**Group**" means the Company and its Subsidiaries from time to time and "**Group Company**" means any of them and "**member of the Group**" shall be construed accordingly;

"**Facility Agreement**" means the facility agreement between, among others, the Company and The Royal Bank of Scotland plc as agent for National Westminster Bank plc dated 22 January 2016 and as amended from time to time;

"**Finance Documents**" means the Facility Agreement and the Inter Creditor Agreement;

"**Instrument**" means the instrument entered into by the Company on 9 January 2019 constituting the Notes;

"**Inter Creditor Agreement**" means the inter creditor agreement entered into between the Company, Rose Nominees Limited, The Vanderbilt University, Seren Investment Management Limited and LMS (Bermuda) Limited, certain Noteholders and National Westminster Bank plc on 9 January 2019

"**Issue Date**" means, in respect of each of the Notes, the issue date of such Notes;

"**Maturity Date**" means 9 January 2025;

"**Nomad**" the Company's nominated adviser appointed from time to time in accordance with Rule 1 of the AIM Rules for Companies;

"**Notes**" means the £10,020,050 secured loan notes constituted by the Instrument or, as the case may be, the principal amount from time to time issued and paid up and outstanding, and "**principal amount**" shall be construed accordingly;

"**Noteholders**" means the several persons for the time being entered in the Register as holders or joint holders of the Notes and "**Noteholder**" shall mean any of them;

"Ordinary Shares" means the ordinary shares of 2.5 pence each in the capital of the Company;

"Register" means the register of Noteholders kept and maintained by the Company in accordance with clause 5.1 of the Instrument; and

"Subsidiary" means a subsidiary (as defined in Section 1159 of the Companies Act 2006), or a subsidiary undertaking (as defined in Section 1162 of the Companies Act 2006) and **"Subsidiaries"** shall be construed accordingly.

1.2 In these Conditions and the Instrument, unless the context requires otherwise:

1.2.1 any phrase introduced by the terms "including", "include" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

1.2.2 the schedules to the Instrument form part of (and are incorporated into) the Instrument;

1.2.3 words in the singular include the plural and vice versa;

1.2.4 a reference to a clause or a schedule is (unless expressly stated otherwise) a reference to a clause of, or schedule to, the Instrument and a reference to a paragraph is to a paragraph of these Conditions. Clause and schedule headings do not affect the interpretation of these Conditions or the Instrument;

1.2.5 any reference in the Instrument or these Conditions to the Instrument or to any other document shall, unless the context otherwise requires, be construed as reference to the Instrument or such other document as the same may from time to time be amended, varied, supplemented or novated, in each case in accordance with its terms;

1.2.6 references to any statute or statutory provision shall include references to such statute or statutory provision as in force at the date of the Instrument and as subsequently re-enacted or consolidated and shall include references to any statute or statutory provision of which it is a re-enactment or consolidation; and

1.2.7 except as otherwise provided, expressions defined in the Companies Act 2006 shall be read as if defined in that way in these Conditions and the Instrument.

Part 1 – Arrangement Fee, Exit Fee, Interest and Redemption of Notes

1. **ARRANGEMENT AND EXIT FEE**

- 1.1 An arrangement fee at a rate of 2.5 per cent. shall be payable to each Noteholder on the Notes held by them (the "**Arrangement Fee**").
- 1.2 An exit fee at a rate of 2.5 per cent. shall be payable to each Noteholder on the Notes held by them (the "**Exit Fee**").
- 1.3 Subject to the terms of the Finance Documents, the Arrangement Fee and the Exit Fee shall be payable on the earlier of repayment in full of the Notes or the Maturity Date.

2. **INTEREST**

- 2.1 Interest shall be payable on the outstanding amount of the Notes at a rate of 12 per cent. per annum (the "**Interest Rate**").
- 2.2 Subject to the terms of the Finance Documents, interest shall be payable on the Notes on the earlier of the date of repayment and the Maturity Date. All interest due in respect of the Notes shall be payable in cash.
- 2.3 Interest shall accrue daily at the Interest Rate and shall be calculated on the basis of a 365 day year and the actual number of days elapsed. Interest shall be compounded annually and shall be paid in full in accordance with paragraph 2.2 above. Compounded interest shall be added to the amount of the Notes outstanding from time to time together with all interest compounded pursuant to this paragraph 2.

3. **REPAYMENT**

As and when the Notes are to be redeemed in accordance with these Conditions, the Company shall, subject to the terms of the Finance Documents, pay the Noteholders the principal amount of the Notes, together with, the Arrangement Fee, the Exit Fee and all outstanding accrued and unpaid interest.

4. **TIME OF PAYMENT**

Whenever any payment becomes due on a day which is not a Business Day, payment shall be made on the next following Business Day.

5. **REDEMPTION**

- 5.1 Unless repaid in full in accordance with these Conditions and the Finance Documents, the Company shall, subject to the terms of the Finance Documents, repay in full the principal amount of the Notes outstanding, together with, the Arrangement Fee, the Exit Fee and all outstanding accrued and unpaid interest on the Maturity Date.
- 5.2 Subject to the terms of the Finance Documents, the Company shall be permitted to redeem the Notes (in full only) prior to the Maturity Date provided that it has first provided at least 10 Business Days' written notice to each of the Noteholders of its intention to do so.
- 5.3 If the Notes are redeemed in full prior to the Maturity Date in accordance with paragraph 5.1 of Part 1 of Schedule 2, the Company shall be required to pay all amounts referred to in paragraph 7.1 of Part 1 of Schedule 2.

6. **RIGHT TO APPOINT DIRECTOR OR BOARD OBSERVER**

- 6.1 For so long as the principal amount of the Notes remain outstanding, the Company shall procure that the Noteholders shall together be entitled, by notice in writing to the

Company signed by or on behalf of all or a majority of the Noteholders, to appoint any one person to the board of directors of the Company either as a director, or a board attendee and observer and, by notice in writing to the Company signed by or on behalf of all or a majority of the Noteholders to remove and replace such a director or board attendee and observer. The Noteholders agree to jointly and severally indemnify the Company in respect of any claims against the Company arising from the appointment or removal of a director or board attendee and observer by that Noteholder.

- 6.2 The appointment of any such director will be subject to approval of the Nomad and approval of the holders of a majority of the Ordinary Shares.
- 6.3 The appointed director or board attendee and observer shall agree, to the extent permitted by law and taking into account at all times the provisions of the Market Abuse Regulation, to share information with the Noteholders at the Noteholders request.

7. EVENTS RESULTING IN IMMEDIATE REDEMPTION

- 7.1 Subject to the terms of the Finance Documents, the Notes then in issue shall be immediately redeemed at the principal amount together with the Arrangement Fee, the Exit Fee and all accrued and unpaid interest, plus an additional amount equal to the interest payable on the Notes at the Interest Rate in accordance with paragraph 2 above in respect of the period from the date of redemption to the Maturity Date if:
 - 7.1.1 a single party (or multiple parties acting in concert) acquires more than 90 per cent. of the Ordinary Shares;
 - 7.1.2 the admission to AIM of the Ordinary Shares is cancelled; or
 - 7.1.3 the trading of the Ordinary Shares is suspended by the London Stock Exchange plc for more than 30 consecutive Business Days; or
 - 7.1.4 an administration order is made in relation to any Group Company; or
 - 7.1.5 an order is made, or an effective resolution is passed, for the winding-up, liquidation, administration or dissolution of any Group Company (except for the purpose of reorganisation or amalgamation); or
 - 7.1.6 an encumbrancer takes possession or a receiver is appointed of the whole or the major part of the assets or undertaking of any Group Company or if distress, execution or other legal process is levied or enforced on or against the whole or the major part of the assets of any Group Company and is not discharged, paid out, withdrawn or removed within 10 Business Days; or
 - 7.1.7 any Group Company stops (or threatens to stop) payment of its debts generally or ceases (or threatens to cease) to carry on its business or a substantial part of its business; or
 - 7.1.8 any Group Company is deemed for the purposes of section 123 Insolvency Act 1986 (or any relevant equivalent local legislation) to be unable to pay its debts or compounds or proposes or enters into any reorganisation or special arrangement with its creditors generally.
- 7.2 The rights of Noteholders pursuant to paragraph 7 may be waived if the Noteholders holding more than 75 per cent. of the Notes so consent in writing.

8. ACTION FOLLOWING REDEMPTION

- 8.1 The Company shall give written notice to the Noteholders immediately on the Company becoming aware of the occurrence of: (i) a material breach by the Company

of any of the terms of the Instrument and/or these Conditions; or (ii) an event specified in paragraph 7, in each case giving reasonable details of that breach.

8.2 If, on redemption of a Note, a Noteholder fails to deliver the Certificate for it, or an indemnity in accordance with these Conditions or to accept payment of moneys due to him, the Company shall pay the moneys due to him into a bank account which payment shall discharge the Company from all further obligations in respect of the Note.

8.3 The Company shall cancel any Notes repaid, redeemed or purchased and shall not reissue them.

9. **RIGHT TO WITHHOLD**

The Company may deduct from any principal amount payable any tax or other amounts which the Company may be required by law to deduct.

10. **FINANCE DOCUMENTS**

Notwithstanding anything in this Instrument to the contrary:

10.1 no payment of interest, the Arrangement Fee, the Exit Fee or other distribution in relation to the Notes; and

10.2 no repayment or prepayment of the principal amount of the Notes outstanding from time to time or any other payment in relation to the Notes,

shall be made if it would constitute a breach of any of the terms of the Finance Documents PROVIDED THAT this paragraph 10 of Part 1 of Schedule 2 shall not operate to supersede any provisions of the Instrument which specify the consequence of non-payment of any such sum to the extent that such consequences do not constitute a breach of the Finance Documents.

Part 2 – Other Matters

1. NOTES

- 1.1 The Company shall recognise the registered holder of any Notes as the absolute owner of them and shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Note may be subject. The Company shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to enter any notice of any trust (whether express, implied or constructive) on the Register in respect of any of the Notes.
- 1.2 The Notes are, subject to the terms of the Finance Documents, transferable with the prior written consent with the Company and in accordance with the reasonable conditions notified by the Company from time to time.
- 1.3 If any Noteholder that intends to transfer any Notes held by it:
 - 1.3.1 to a third party; and
 - 1.3.2 such Notes comprise, in aggregate, more than 10 per cent. of the Notes in issue on the proposed date of transfer,then such Noteholder shall not be permitted to transfer those Notes unless it obtains prior written consent from Noteholders holding more than 75 per cent. of the Notes.
- 1.4 The requirement to seek consent from the Noteholders pursuant to paragraph 1.3 of Part 2 of Schedule 2 above shall not apply to transfers of the Notes to a Group Company or, if the Notes are being transferred by a nominee holding Notes on behalf of a principal at the direction of that principal to a different nominee to hold the Notes for that principal.
- 1.5 Payment of the principal amount due on the Notes, the Arrangement Fee, the Exit Fee, any interest due on the Notes and any other sums due under these Conditions shall be made by bank transfer to an account nominated for the purpose to the Company in writing by, the registered holder or, in the case of joint registered holders, to the one who is first-named on the Register, or to such person or persons as the registered holder or all the joint registered holders may in writing direct and sent to the registered holder or in the case of joint registered holders to that one of the joint registered holders who is first-named on the Register or to such address as the registered holder or joint registered holders may in writing direct.
- 1.6 If more than one person is entered in the Register as joint holders of any Notes then, without prejudice to paragraph 1.2 of Part 2 of Schedule 2, the receipt of any one of such holders for any moneys payable on or in respect of the Notes shall be as effective a discharge to the Company or other person making the payment as if the person signing such receipt were the sole registered holder of such Notes.
- 1.7 If any Certificate is worn out or defaced then, on production of it to the Directors, they may cancel it and may issue a fresh Certificate in lieu. If any Certificate is lost or destroyed it may be replaced on such terms (if any) as to evidence and indemnity as the Company may reasonably require. An entry recording the issue of the new Certificate and indemnity (if any) shall be made in the Register. No fee shall be charged for the registration of any transfer or for the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other documents relating to or effecting title to any Notes.
- 1.8 A copy of the Instrument shall be kept at the Company's registered office. A Noteholder (and any person authorised by a Noteholder) may inspect that copy of the Instrument at all reasonable times during office hours.

2. NOTICES

- 2.1 Any notice or other document required to be given under the Instrument or these Conditions shall be in writing and may be given to or served on any Noteholder by sending it by first-class post in a prepaid envelope addressed to such Noteholder at his registered address. In the case of joint Noteholders, a notice given to, or document served on, the Noteholder whose name stands first in the Register in respect of such Notes shall be sufficient notice to, or service on, all the joint holders. Any such notice sent or document served by first-class post shall be deemed to have been given or served 48 hours or 96 hours in the case of a notice or document sent to an address for a Noteholder not in the United Kingdom after the time when it is posted and in proving such notice or service, it shall be sufficient to prove that the envelope containing the notice or document was properly addressed, stamped and posted.
- 2.2 Any notice or other document delivered or sent by post to, or left at, the registered address of any Noteholder in pursuance of these provisions shall, notwithstanding that such Noteholder is then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any Notes registered in the name of such Noteholder as sole or first-named joint holder unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Notes, and such service shall for all purposes be deemed sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Notes.

EXECUTED as a DEED by IDE GROUP)
HOLDINGS PLC)
acting by a Director)
in the presence of:)

Andy Parker

Signature of Director

ANDY PARKER

Print name of Director

WITNESS:
Signature: *Charlotte Stannex*
Name: CHARLOTTE STANNEX
Address: 25 VICTORIA STREET
LONDON SW1H 0EX

Occupation: CHARTERED ACCOUNTANT

At: 25 VICTORIA STREET, LONDON SW1H 0EX

On: 9 JANUARY 2019

