IDE Group Holdings Plc

("IDE", the "Group" or the "Company")

Notice of Annual General Meeting and General Meeting

IDE, the mid-market network, cloud and IT Managed Services provider, announces that the Notice of Annual General Meeting ("AGM"), Notice of General Meeting ("GM"), Circular's and Form of Proxy's have today been posted to shareholders.

The Company's AGM and GM will be held on 2nd November 2022 at the offices of finnCap, 1 Bartholomew Close, London EC1A 7BL at 10:00 a.m. and 10:30 a.m. respectively.

A copy of the Notice of AGM and GM can be found on the Company's website at www.idegroup.com.

The GM Circular contains a Letter from the Chairman and timetable of principal events which is set out below.

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Andy Parker, Non-Executive Chairman

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Nominated Adviser and Broker

Corporate finance: Jonny Franklin-Adams/ Abby Kelly

ECM: Tim Redfern

Dear Shareholder

Proposed Conversion of Loan Notes, Capital Reorganisation and Notice of General Meeting

1. Introduction and summary

I am writing in connection with proposals recommended by the Board whereby the Company seeks to reduce its indebtedness through the capitalisation of the majority of its outstanding loan notes ("**LNs**") of £25.5 million (including interest and fees), ("**Loan Note Conversion**") together with an associated Capital Reorganisation.

The Company currently has in issue 496,702,792 Ordinary Shares with a nominal value of 2.5p each. The Company's current share price, and the price at which the Loan Note Conversion is being proposed, is below the current nominal value per Ordinary Share. The Company is not permitted by law to issue shares below their nominal value. Therefore, the Directors propose to reorganise the Company's share capital so as to enable the Company to issue New Ordinary Shares following the Capital Reorganisation (in connection with the Loan Note Conversion and otherwise) at a price which is both acceptable to the market and, as required by law, is at least equal to the nominal value of such New Ordinary Shares. The steps involved in the Capital Reorganisation are explained in more detail in paragraph 3 below.

The purpose of this document is to explain the background to the Capital Reorganisation and the Loan Note Conversion, why the Directors unanimously consider this to be in the best interests of the Company and Shareholders as a whole, and to seek Shareholders' approval for the Capital Reorganisation and the Loan Note Conversion.

Shareholders should note that, unless the Resolutions are all approved at the GM, the Capital Reorganisation and the Loan Note Conversion will not take place.

2. Background to and reasons for the Loan Note Conversion

As announced in a trading update by the Company on 27 January 2022, the Company has been exploring resolutions for the LNs as the final stage of its restructuring, in order to reduce the Company's indebtedness which it is hoped will allow the Company to grow organically and possibly through acquisition should the right accretive opportunities become available.

The Company does not have adequate cash resources to repay the LNs and therefore, after exploring several options, the Board believes that the Capital Reorganisation and Loan Note Conversion is the best option available to the Company. Whilst the Loan Note Conversion will result in MXC materially increasing their percentage shareholding in the Company, MXC have confirmed to the Company that they have no current intention in taking the Company private. It is the Company's intention to expand the Board in order to increase the expertise and broaden the depth of the Board.

Background to the LNs

Between January and March 2019 IDE raised approximately £10 million by way of an issue of secured loan notes in two tranches. In January 2019, approximately £5.3 million of LNs were subscribed for by existing shareholders of the Company, MXC, Funds Managed by Kestrel and Richard Griffiths (formally held by Blake Holdings, a company controlled by Richard Griffiths).

The second tranche of approximately £4.7 million of the LNs (the "**Second Tranche LNs**") was made available to all other shareholders by way of an open offer (the "**Open Offer**"). The Open Offer was underwritten by MXC who further subscribed for approximately £3.7 million of the Second Tranche LNs in March 2019 following uptake on the Open Offer from other shareholders of approximately £1 million in February 2019.

To provide additional working capital for the Company, £1.5 million was raised in December 2019 through the issue of further LNs, under the same terms as the LNs issued in January 2019, to MXC, Richard Griffiths and Funds Managed by Kestrel.

In November 2021 further short term loan notes were created and issued to MXC in the principal amount of £1 million with an arrangement fee of 3.75 per cent and interest rate of 3 per cent per month ("**Short Term Loan Notes**"). As the Short Term Loan Notes were not repaid before 31 March 2022, per the loan agreement, the Short Term Loan Notes persist on similar terms as the LNs issued in December 2019 (as described above) and are secured on the same terms as the outstanding LNs.

In summary, at the current date, the LNs (including the Short Term Loan Notes) are held by the following holders in the following principal amounts (excluding interest and fees):

Holder	**January, February and March 2019 issue**	**December 2019 issue**	**November 2021 issue**	**Total**
MXC	£8,030,170	£1,231,800	£1,000,000	£10,261,970
Richard Griffiths	£1,000,095	£150,000	0	£1,150,095
Funds Managed by Kestrel	£903,289	£118,200	0	£1,021,489

Other	£86,496	0	0	£86,496
Total	£10,020,050	£1,500,000	£1,000,000	£12,520,050

The LNs each have a term of six years (the "**Term**") such that they are due for repayment in January and December 2025. The LNs carry an annual coupon of between 12 per cent. and 20.3075 per cent., which is rolled up, compounded annually and payable at the end of the Term. The LNs carry an arrangement fee of between 2.5 per cent. and 3.75 per cent, payable at the end of Term ("**Arrangement Fee**"), and an exit fee of between 2.5 per cent. and 3.75 per cent, also payable at the end of the Term ("**Exit Fee**").

Therefore, the resulting balance due to LN holders is summarised below:

Holder	**Value of LNs**
MXC	£20,995,862
Richard Griffiths	£2,326,893
Funds Managed by Kest	£2,044,783
Other	£172,948
Total	£25,540,486

Conversion of the Loan Notes
Following the Capital Reorganisation (described below) the following is proposed in respect of the LNs:

1) the conversion of £20,995,862 existing secured LNs (including interest and fees), held by MXC ("**MXC LNs**") at a rate equivalent to 70 pence in the pound, into New Ordinary Shares at an Assumed Share Price (as defined below) of £0.892 per New Ordinary Share, ("**MXC Conversion**")); and

2) giving the option to LN holders (other than MXC) to do one of the following: a) convert their LNs on the same terms as the MXC Conversion; or b) making no change to their LNs.

MXC has irrevocably agreed to the MXC Conversion which is to be effected, conditional upon the Resolutions being passed at the GM, by MXC requesting repayment of (and the Company agreeing to repay) all MXC LNs for an agreed sum (the "**Redemption Sum**"). It has been agreed that the Redemption Sum will satisfy in full: (i) the principal amount of all LNs to be repaid; (ii) interest accrued from the inception of such LNs to May 2022 (interest accruing after this date being waived); (iii) the full Exit Fee (which would otherwise payable); and (iv) a partial waiver of 24 per cent. of the Arrangement Fee (which would otherwise be payable in full). MXC has irrevocably directed the Company to apply the Redemption Sum to the payment up of 16,476,574 New Ordinary Shares at a notional price of £0.892 per New Ordinary Share (the five day closing market average price of an Ordinary Share between the 28th of September 2022 and 5th of October 2022) multiplied by 100, which arithmetically should equate to the price of a New Ordinary Share following completion of the Capital Reorganisation, (the "**Assumed Share Price**")). Based on the Assumed Share Price, the number of New Ordinary Shares to be received by MXC on conversion of Redemption Sum equates to 70p worth of New Ordinary Shares for every £1 of the MXC LNs.

All LN holders will be offered the option to hold their LNs until they are due for repayment in January or December 2025, or convert into New Ordinary Shares on the same basis as the MXC Conversion.

Funds Managed by Kestrel and Richard Griffiths have confirmed to the Company they will not convert their LNs, which, together represent approximately 96 per cent of the LNs not held by MXC.

3. Background and reasons for Capital Reorganisation

The Company currently has in issue 496,702,792 Ordinary Shares with a nominal value of 2.5p each. The Company's current share price, and the price at which the Loan Note Conversion is being proposed, is below the current nominal value per Ordinary Share. The Company is not permitted by law to issue shares below their nominal value. Therefore, the Directors propose to reorganise the Company's share capital so as to enable the Company to issue New Ordinary Shares following the Capital Reorganisation at a price which is both acceptable to the market and, as required by law, is at least equal to the nominal value of such New Ordinary Shares.

The Consolidation is being undertaken as the Company's Directors and advisers consider the number of shares currently in issue to be considerably higher than the majority of companies of a similar size on AIM, which, when combined with the current share price of approximately 1 pence per share, unduly affects investor perception of the Company and volatility in its share price. Following discussions with advisers on these factors, including a period of monitoring of movements in the Company's share price, the Company decided to take steps to consolidate its shares to a more appropriate level.

The Board also believes that the Capital Reorganisation could potentially improve the liquidity and marketability of the Company's shares to a range of investors, including institutional investors, through the creation of a higher price per Ordinary Share.

The proposed Capital Reorganisation will consist of the following steps:

1. the amendment of the Articles to set out the rights and restrictions attaching to the Deferred Shares;
2. the sub-division of each Existing Ordinary Share into 2 new shares – a Redenominated Ordinary Share of 0.01p and a Deferred Share of 2.49p; and
3. every 100 Redenominated Ordinary Shares of 0.01p each will then be consolidated into one New Ordinary Share of 1p each.

Step 1 – Amendment of the Articles

The Company will need to amend its Articles to set out the rights and restrictions attaching to the Deferred Shares.

The Deferred Shares will not be admitted to trading on AIM (or any other investment exchange). The Deferred Shares will have limited rights and will be subject to the restrictions, as set out in the Company's Articles, as amended by special resolution at the General Meeting and as summarised below.

The Deferred Shares will not be transferable. The holders of the Deferred Shares shall not, by virtue or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company or the right to attend, speak or vote at any such general meeting.

The Deferred Shares will not entitle their holders to receive any dividend or other distribution. The Deferred Shares will on a return of assets in a winding up entitle the holders only to the repayment of £1.00 for the entire class of Deferred Shares.

The Company will have irrevocable authority at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to the transfer of the same to such persons as the Company may determine or as the Company determines as custodian thereof, without making any payment to the holders thereof, and/or consent to cancel the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holders thereof.

The Company may, at its option at any time, purchase all or any of the Deferred Shares then in issue, at a price not exceeding £1.00 for each aggregate holding of Deferred Shares so purchased.

The Directors consider the Deferred Shares, so created, to be of no economic value.

Step 2 - Sub-Division

Every Existing Ordinary Share of 2.5p will be sub-divided into 1 Redenominated Ordinary Share of 0.01p and 1 Deferred Share of 2.49p.

Assuming an issued share capital immediately prior to the General Meeting of 496,702,800 Ordinary Shares of 2.5p each (following the issue of 8 Ordinary Shares as described in Step 3 below), this will result in 496,702,800 Redenominated Ordinary Shares and 496,702,800 Deferred Shares being in issue immediately following the Sub-Division. The Sub-Division of the Existing Ordinary Shares will not, of itself, affect the value of any shareholding, as the number of Redenominated Ordinary Shares held by each Shareholder will be equal to the number of Ordinary Shares held by each Shareholder immediately prior to the Sub-Division.

No share certificates will be issued in respect of either the Redenominated Ordinary Shares, which will be consolidated by the Company (see Step 3 below), or the Deferred Shares.

Step 3 – Consolidation

In order to reduce the number of Ordinary Shares in issue, the Board is proposing that, immediately following the Sub-Division, the Redenominated Ordinary Shares of 0.01p each are consolidated on a 100-for-1 basis such that every 100 Redenominated Ordinary Shares are consolidated and redesignated as 1 New Ordinary Share of 1p.

In anticipation of the Resolutions being passed by the Shareholders, the Company will, immediately prior to the General Meeting and Record Date, issue such number of additional Ordinary Shares as will result in the total number of Ordinary Shares in issue being exactly divisible by 100. On the assumption that no new Ordinary Shares are issued between the date of this document and immediately before the General Meeting, this will result in 8 additional Ordinary Shares being issued. These additional 8 Ordinary Shares will be issued to Rosaleen Herbert, Company Secretary and as these additional Ordinary Shares will only represent a fraction of a New Ordinary Share, this fraction will be sold pursuant to the arrangements for fractional entitlements detailed below.

No Shareholder will, pursuant to the Capital Reorganisation, be entitled to receive a fraction of a New Ordinary Share. In the event the number of Existing Ordinary Shares attributed to a Shareholder is not exactly divisible by 100, the Consolidation will generate an entitlement to a fraction of a New Ordinary Share. Such fractional entitlements will be aggregated and sold on the open market (see further explanation regarding fractional entitlements below).

Accordingly, following the implementation of the Capital Reorganisation, any Shareholder who, as a result of the Consolidation, has a fractional entitlement to any New Ordinary Share, will not have a resultant proportionate shareholding of New Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares.

Furthermore, any Shareholder who holds fewer than 100 Existing Ordinary Shares as at the Record Date will cease to be a Shareholder. The minimum threshold to receive New Ordinary Shares will be 100 Existing Ordinary Shares.

Disposal of fractional entitlements

As set out above, the Consolidation will give rise to fractional entitlements to a New Ordinary Share where any holding is not precisely divisible by 100. As regards the New Ordinary Shares, no certificates regarding fractional entitlements will be issued. Any New Ordinary Shares in respect of which there are fractional entitlements will be aggregated and sold in the market for the best price reasonably obtainable on behalf of Shareholders entitled to fractions ("**Fractional Shareholders**").

As the net proceeds of sale due to a Fractional Shareholder are expected to amount to less than £3.00, the Board is of the view that, as a result of the disproportionate costs, it would not be in the best interests of the Company to consolidate and distribute all such proceeds of sale, which instead shall be donated to The Prince's Trust, a charity registered with the Charities Commission with Charity number 1079675 and which has been selected by the Board in accordance with article 15 of the Articles.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Shareholders whose shares are held in the nominee accounts of UK stockbrokers, the effect of the Capital Reorganisation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however it is the stockbroker's or nominee's responsibility to deal with fractions arising within their customer accounts, and not the Company's.

Resulting Share Capital

The issued ordinary share capital of the Company immediately following the Capital Reorganisation, assuming that it is approved by the Shareholders and that no further Existing Ordinary Shares are issued before the General Meeting, is expected to comprise 4,967,028 New Ordinary Shares.

The New Ordinary Shares arising upon implementation of the Capital Reorganisation will have the same rights as the Existing Ordinary Shares including voting, dividend and other rights.

Admission of the New Ordinary Shares to CREST

The Existing Ordinary Shares are currently admitted to CREST. Application will be made for the simultaneous cancellation of the Existing Ordinary Shares from CREST and admission of the New Ordinary Shares to CREST (and admission to trading on AIM). The New Ordinary Shares may thereafter be held and transferred by means of CREST.

It is expected that those New Ordinary Shares which will arise as a result of the Consolidation and Sub-Division of the Existing Ordinary Shares and are held in uncertificated form, i.e. in CREST, will be credited to the relevant CREST accounts on 3 November 2022 and admitted to trading on AIM on the same day. Definitive share certificates in respect of those New Ordinary Shares which will be held in certificated form are expected to be despatched to the relevant Shareholders on or around 17 November 2022. No temporary documents of title will be issued. Any existing share certificates in respect of Existing Ordinary Shares will cease to be valid upon the Record Date and, pending delivery of share certificates in respect of New Ordinary Shares, transfers will be certified against the register.

The Record Date is close of business on the date of the GM, being **2 November 2022.**

The current ISIN [GB00B4NJ4984]) and SEDOL ([B4NJ498] in respect of the Company's Existing Ordinary Shares will be disabled in CREST as at 6 p.m. on 2 November 2022. The ISIN code for the New Ordinary Shares is GB00BN4M3M55 and the SEDOL number is BN4M3M5, which will come into effect at 8a.m. on 3 November 2022.

4. Takeover Code

As a result of the Loan Note Conversion, MXC, an existing 34.8 per cent. shareholder in the Company, will have a maximum possible shareholding of 18,204,685 shares or 83.8 per cent. of the Company's voting rights at such time.

The Company has successfully applied, on behalf of MXC, for a dispensation from making a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers (the "**Code**") in relation to the Loan Note Conversion. In accordance with Note 5(c) in the Notes on Dispensations from Rule 9 of the Code, in the case of an issue of new securities, independent shareholders holding shares carrying more than 50% of the voting rights of the Company which would be capable of being cast on a “whitewash” resolution have confirmed in writing that they approve the proposed waiver and would vote in favour of any resolution to that effect at a general meeting. The Company has subsequently approached the Panel and successfully obtained its permission to waive the requirement for a whitewash resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code).

5. General Meeting and Resolutions

You will find set out at the end of this document a notice convening the General Meeting to be held at 10:30 a.m. on 2nd November 2022, at the offices of finnCap, 1 Bartholomew Cl, London, EC1A 7BL at which the Resolutions will be proposed.

6. Related Party Transaction

As MXC is a substantial shareholder of the Company, they are deemed to be a related party pursuant to the AIM Rules for Companies. The participation of MXCLN Conversion is therefore a related party transaction for the purposes of Rule 13 of the AIM Rules. Ian Smith, Executive Director, is not independent for the purposes of the Related Party Transaction given that he is a substantial shareholder and CEO of MXC. The independent Chairman of IDE, Andy Parker, considers, having consulted with the Company’s nominated adviser, finnCap, that the terms of the related party transaction are fair and reasonable insofar as the shareholders of the Company are concerned.

7. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. **Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible** and, in any event, so as to be received by the Company’s Registrars, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, not later than 48 hours (excluding non-working days) before the General Meeting is scheduled to begin. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out in Part V of this document). Proxies submitted via CREST must be received by the Company's agent (ID 3RA50) by no later than 10.30 a.m. on 31 October 2022 (or, in the case of an adjournment, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the Directors, excluding any part of a day that is not a Business Day)).

8. Recommendation

The Directors consider the Loan Note Conversion and Capital Reorganisation and the matters set out in the Resolutions to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the GM as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 172,811,125 (being MXC’s current holding) Existing Ordinary Shares, representing approximately 34.8 per cent. of the existing issued ordinary share capital of the Company as at the date of this document.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

Shareholders are recommended to seek their own personal tax advice in relation to the proposals.

Yours faithfully

Andy Parker

Non-Executive Chairman

IDE Group Holdings Plc

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	Friday 7th October 2022
Latest time and date for receipt of forms of proxy, CREST Proxy Instruction or electronic proxy appointment for use at the General Meeting	10:30 a.m. on Monday 31st October 2022
General Meeting	10:30 a.m. on Wednesday 2nd November 2022
Record Date	6 p.m. on Wednesday 2nd November 2022
Expected effective date of the Consolidation and Sub-Division	Thursday 3rd November 2022
Expected date of admission of New Ordinary Shares to trading on AIM	8 a.m. on Thursday 3rd November 2022
Expected date CREST accounts are to be credited with New Ordinary Shares	As soon as practicable after 8 a.m. on Thursday 3rd November 2022
Expected date share certificates in respect of New Ordinary Shares are to be by despatched to non-CREST Shareholders	Thursday 17th November 2022

Notes:
(1) The timing of the events in the above timetable and in the rest of this document is indicative only and may be subject to change.
(2) The timetable assumes that there is no adjournment of the GM. If there is an adjournment, all subsequent dates are likely to be later than those shown.
(3) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to a Regulatory Information Service.
(4) All of the events listed in the above timetable following the holding of the GM are conditional upon the passing of the Resolutions.
(5) All of the times referred to above are references to London time.

STATISTICS RELATING TO THE CAPITAL REORGANISATION

Existing Ordinary Shares in issue at the date of this document	496,702,792
Expected existing Ordinary Shares in issue immediately prior to the General Meeting	496,702,800
Conversion ratio of Existing Ordinary Shares to New Ordinary Shares	100 Existing Ordinary Shares to 1 New Ordinary Share
Total number of New Ordinary Shares in issue following the Capital Reorganisation	4,967,028
ISIN code for the New Ordinary Shares	GB00BN4M3M55
SEDOL code for the New Ordinary Shares	BN4M3M5