

MXC Capital Limited
(“MXC” or the "Company")

Acquisition of Calyx Managed Services Limited

MXC is pleased to announce that it has acquired Calyx Managed Services Limited (“Calyx”) from Better Capital for a total consideration of £9 million, which has been satisfied using the existing cash resources of the Company.

Calyx is headquartered in Manchester and has a national footprint. The business has an excellent track record of successfully delivering managed IT services to the UK mid-market through a strong portfolio of managed cloud, networking and mobility solutions.

The management of MXC will seek ways to maximize the value of this investment whilst being careful to ensure that the Calyx customers continue to receive an uninterrupted high quality service. The investment will sit alongside MXC’s existing investment portfolio of technology businesses which includes Castleton Technology plc, 365Agile Limited and Eagle Eye Solutions Group plc.

In the year ended 31 December 2013 Calyx generated a gross margin of £10.1 million and a loss before tax of £7.4 million, partially as a result of the capital structure of the group. In the year ended 31 December 2014, management accounts for the business show a gross margin of £10.4 million and a normalised EBITDA of £400,000. MXC believes that the business is capable of generating cash from the point of acquisition. The gross assets of Calyx at 31 December 2013 were £10.4 million.

Marc Young, Chief Executive of MXC said, “Calyx is a well-established business delivering a broad portfolio of ICT solutions to an impressive roster of customers. We know the Calyx business well and it operates in markets we are already active in. We believe there is an opportunity to create value for our shareholders from this investment.”

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About MXC Capital

MXC is a specialist merchant bank with a track record of investing in and advising companies in the TMT sector. We bring together a deep knowledge of technology, first-hand experience of managing companies in the sector, an ability to make meaningful investments and a highly experienced corporate advisory team in support, all of which we combine to grow shareholder value.