

25 January 2016

**MXC Capital Limited**  
**("MXC" or the "Company")**

**Lead Investor and Advisor to Pinnacle Technology Group plc on £4.5m fundraising and Acquisitions**

MXC is pleased to announce that it has agreed to cornerstone a placing of new ordinary shares in Pinnacle Technology Group plc ("Pinnacle") (the "Placing"), in conjunction with Pinnacle's proposed acquisitions of Ancar-B Technologies Limited ("Ancar-B") and Weston Communications Limited ("Weston") (the "Acquisitions").

**Highlights:**

- Acquisition of Ancar-B for a consideration of £3.5 million
  - Ancar-B is a provider of IT support services to SMEs
  - Circa 315 customers generating revenue of £2.2m (59% recurring) and an EBITDA of £0.57m
  - Based in Leeds
- Acquisition of Weston for a consideration of £1.5 million
  - Weston is a provider of telecoms and IT support services to SMEs, councils and universities
  - Circa 225 customers generating revenue of £2.8m (59% recurring) and EBITDA of £0.22m
  - Based in Leeds
- Acquisitions create the hub for centralised support functions
- Opportunity exists to consolidate a highly fragmented market of smaller IT services companies to become a provider of 'IT as a service' to the SME market in the UK
- Longer-term strategy to complete further acquisitions and drive synergies
- Gavin Lyons, partner in MXC Capital, will lead the strategy as Executive Chairman
- MXC Capital originated both acquisitions and is acting as cornerstone investor in £4.5 million equity placing, subscribing for £2.1 million of equity at a price of 4.2 pence per Pinnacle share and will own 25% of issued share capital upon completion of the Placing and Acquisitions

Pinnacle's results for the year ended 30 September 2015 showed an EBITDA loss of £0.6 million. The ongoing losses and cash burn of Pinnacle show that the business is in need of a change of strategy. The Board of Pinnacle believes that an opportunity exists to re-focus the business on higher margin services through a buy and build strategy. The market of smaller, sub-scale IT services providers is highly fragmented, providing ample consolidation opportunities in order to become a provider of 'IT as a service' to the SME market in the UK.

Peter Rigg, Chairman of MXC, said: "Pinnacle has a number of operating challenges to address but this is where MXC can use its experience and skills to re-focus the business and bring it back to profitability. The new funding and two acquisitions are the first steps in this journey and represent the start of a longer term strategy to complete further acquisitions and drive synergies."

The Placing and Acquisitions are conditional upon, *inter alia*, the passing of resolutions by shareholders of Pinnacle at a general meeting to be held on 10 February 2016, with admission of the enlarged share capital to trading on AIM expected on 11 February 2016. For the year ended 30 September 2015 Pinnacle generated a loss before tax of £1.4 million. As at 30 June 2015, it had net assets of £0.4 million.

The circular containing further details of the Acquisitions and Placing can be found on Pinnacle's website: [www.pinnacletechnology.co.uk](http://www.pinnacletechnology.co.uk)

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**About MXC Capital ([www.mxccapital.com](http://www.mxccapital.com))**

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.