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Pinnacle Technology Group PLC
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Pinnacle Technology Group plc
(the "Group" or "Pinnacle")

Disposal of RMS Managed IT Security Limited

Pinnacle Technology Group plc, the AIM listed provider of converged technology solutions, is pleased to announce further progress with the review of the business which involves positioning the Group firmly as a provider of 'IT as a Service' targeting provision of higher margin services in order to maximise earnings.

On 10 October 2011 the Group acquired the entire share capital of RMS Managed IT Security Limited ("RMS") (and its wholly owned subsidiary Aware Distribution Limited), a provider of IT security software and consultancy solutions to the mid-market and public sector. Throughout the Group's period of ownership RMS' revenues and margins have steadily declined due to an intensely competitive market landscape for the resale of third party IT Security products as well as RMS' lack of differentiation within the market. Furthermore, there has been little or no cross-selling of the Group's other products and services to RMS' customer base which for the most part falls outside Pinnacle's target customer base. In the year to 30 September 2015 the business unit generated an EBITDA loss of £149,000 on revenues of £1.2m and had net liabilities of £2.2 million.

It was therefore decided that in order to obtain the best outcome for RMS' staff and customers, the Board would seek a trade sale of the business to an appropriately skilled and resourced purchaser. Pinnacle is today pleased to announce that it has entered into an agreement to sell the entire issued share capital of RMS to Intronovo Limited for £1.

Gavin Lyons, Executive Chairman, commented:

"As part of our review of the business, it became apparent early on that RMS would not be core to our strategy going forward. We have, however, been keen to ensure an outcome which is to the benefit of all stakeholders in that business and we believe this sale achieves this. Our strategy remains focussed on creating a strong 'IT as a Service' business with a simplified organisational structure and I am pleased to be able to share the progress we are making in this respect."

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