

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA, who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 4 of this document) and the Company (whose registered office appears on page 4 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 15 May 2015. The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.**

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Existing Ordinary Shares, the Placing Shares to the Official List of the United Kingdom Listing Authority.

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# Pinnacle Technology Group plc

*(incorporated and registered in England & Wales with registered number 5259846)*

## **Proposed Placing of 13,164,122 new Ordinary Shares at a price of 6.5 pence per Ordinary Share**

**and**

## **Notice of General Meeting**

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**This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out on pages 8-12 of this document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.**

Nplus1 Singer Advisory LLP ("**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the Placing and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of N+1 Singer or for advising any other person in respect of the Placing or any transaction, matter or arrangement referred to in this document. N+1 Singer's responsibilities as the Company's nominated adviser and broker are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on N+1 Singer by the FSMA or the regulatory regime established thereunder, N+1 Singer does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Placing. N+1 Singer accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

**Notice of a General Meeting of Pinnacle Technology Group plc, to be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 14 May 2015, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not later than 10.00 a.m. on 12 May 2015. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

A copy of this document will be made available from the Company's website, [www.pinn.uk.com](http://www.pinn.uk.com). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

### Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Placing Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the “US Securities Act”) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in reliance on Regulation S under the US Securities Act. The Placing Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Placing Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a “Restricted Jurisdiction”) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

### Basis on which information is presented

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In the document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

### Third party information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

### References to defined terms

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document are, unless otherwise stated, references to London time.

## CONTENTS

	<i>Page</i>
<b>Directors and Advisers</b>	4
<b>Placing Statistics</b>	5
<b>Expected Timetable of Principal Events</b>	5
<b>Definitions</b>	6
<b>Letter from the Chairman of Pinnacle Technology Group plc</b>	8
<b>Notice of General Meeting</b>	13

## **DIRECTORS AND ADVISERS**

<b>Auditors</b>	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
<b>Directors</b>	Dr James Dodd, <i>Non-Executive Chairman</i> Nicholas Scallan, <i>Chief Executive Officer</i> Dr Tom Black, <i>Non-Executive Director</i>  all of:  5 Fleet Place London EC4M 7RD
<b>Company Secretary</b>	WJM Secretaries Limited 302 St Vincent Street Glasgow G2 5RZ
<b>Nominated Adviser and Broker</b>	N+1 Singer One Bartholomew Lane London EC2N 2AX
<b>Legal Advisers to the Company</b>	Wright, Johnston & Mackenzie LLP The Capital Building 12/13 St Andrew Square Edinburgh EH2 2AF
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

## PLACING STATISTICS

Number of Existing Ordinary Shares	46,018,436
Placing Price	6.5 pence
Number of Placing Shares to be issued by the Company pursuant to the Placing	13,164,122
Number of Ordinary Shares in issue following admission of the Placing Shares	59,182,558
Percentage of the Enlarged Share Capital being placed pursuant to the Placing	22.2%
Total proceeds of the Placing	£0.86 million
Estimated net proceeds of the Placing receivable by the Company	£0.80 million

*(Note: The above assumes that there are no further issues of ordinary shares between the date of this document and Admission).*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2015
Publication of this document	28 April
Latest time and date for receipt of Form of Proxy	10.00 a.m. on 12 May
General Meeting	10.00 a.m. on 14 May
Admission and commencement of dealings in the Placing Shares on AIM	8.00 a.m. on 15 May
Where applicable, expected date for CREST accounts to be credited in respect of Placing Shares in uncertificated form	8.00 a.m. on 15 May
Where applicable, expected date for despatch of definitive share certificates for Placing Shares in certificated form	on or around 28 May

*(Note: Each of the above dates is subject to change at the absolute discretion of the Company and N+1 Singer).*

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the Placing Shares to trading on AIM following completion of the Placing and such admission becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and guidance notes published by the London Stock Exchange from time to time
“certificated form” or “in certificated form”	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“Company” or “Pinnacle”	Pinnacle Technology Group plc, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5259846
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
“Dealing Day”	a day on which the London Stock Exchange is open for business in London
“Directors” or “Board”	the directors of the Company whose names are set out on page 4 of this document, or any duly authorised committee thereof
“EIS”	the Enterprise Investment Scheme as set out in Part IV of the Income Tax Act 2007 and Part IV and Schedule 5B of the Taxation of Chargeable Gains Act 1992
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the Placing Shares
“Existing Ordinary Shares”	the 46,018,436 ordinary shares of 1 pence each in issue at the date of this document, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company to be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 14 May 2015, notice of which is set out at the end of this document
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“HMRC”	Her Majesty’s Revenue & Customs

“London Stock Exchange”	London Stock Exchange plc
“MXC Capital”	MXC Capital Limited (registered in Guernsey with company number 58895 and whose registered office is at 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW) and any subsidiary or holding company from time to time of MXC Capital Limited, and any subsidiary or holding company from time to time of a holding company or subsidiary of MXC Capital Limited, and each company in the MXC Group is a “member of the MXC Group”;
“Nominated Adviser” or “N+1 Singer”	Nplus1 Singer Advisory LLP, the Company’s nominated adviser and broker
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document
“Ordinary Shares”	the ordinary shares of 1 pence each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares by N+1 Singer, as agent on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document
“Placing Agreement”	the conditional agreement dated 28 April 2015 made between N+1 Singer and the Company in relation to the Placing, further details of which are set out in this document
“Placing Price”	6.5 pence per Placing Share
“Placing Shares”	the 13,164,122 new Ordinary Shares to be issued pursuant to the Placing
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Shareholders”	holders of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“VCT”	a venture capital trust within the meaning of Chapter 3 of Part 6 of the Income Tax Act 2007
“Warrants”	the warrants referred to in paragraph 3 of the Chairman’s letter below
“Warrant Instrument”	the warrant instrument referred to in paragraph 3 of the Chairman’s letter below

## LETTER FROM THE CHAIRMAN OF PINNACLE TECHNOLOGY GROUP PLC

# Pinnacle Technology Group plc

(incorporated in England and Wales with registered number 5259846)

*Directors:*

Dr James Dodd (*Non-executive Chairman*)  
Nicholas Scallan (*Chief Executive Officer*)  
Dr Tom Black (*Non-executive Director*)

*Registered Office:*

5 Fleet Place  
London  
EC4M 7RD

28 April 2015

Dear Shareholder,

**Proposed Placing of 13,164,122 new Ordinary Shares  
at a price of 6.5 pence per Ordinary Share  
and  
Notice of General Meeting**

### 1. Introduction and summary

The Company announced today that it has conditionally raised approximately £0.86 million (before expenses) by way of a placing of 13,164,122 new Ordinary Shares at a price of 6.5 pence per share. The Placing Price represents a 16 per cent. premium to the closing middle market price of 5.625 pence per Existing Ordinary Share on 27 April 2015, being the latest Dealing Day prior to the publication of this document.

The Placing has been arranged in order to facilitate a strategic investment in Pinnacle by MXC Capital, the technology focused merchant bank. MXC Capital is subscribing for 5,918,256 Ordinary Shares, which represents 10 per cent. of the Enlarged Share Capital alongside certain institutional investors and the Board.

The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to disapply pre-emption rights and to grant the Board authority to allot the Placing Shares: completion of the Placing is therefore conditional upon the passing of all of the Resolutions set out in the Notice of General Meeting at the end of this document.

The Placing, which has been arranged by N+1 Singer pursuant to the terms of the Placing Agreement, is also conditional upon Admission and has not been underwritten by N+1 Singer. The Placing proceeds will be used to further implement the Company's growth strategy and to fund the working capital requirements of the Group, further details of which are set out in paragraph 2 below.

**The purpose of this document is to provide you with information about the background to and the reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, which will be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 14 May 2015.**

### 2. Background to and reasons for the Placing and use of proceeds

The purpose of the Placing is to facilitate a strategic investment by MXC Capital, to provide funds to be used by the Company to implement the Company's growth strategy and to fund the working capital requirements of the Group.

As noted in the Annual Reports and Accounts for 2014, the group balance sheet continues to show the impact of a number of poor acquisitions made during 2011, where loss making businesses were acquired for relatively small consideration but with significant liabilities. The acquisitions have not

delivered the returns anticipated at the time of purchase and have consumed funds to repay the inherited net liabilities of the businesses. The net asset position of the group at year end was £352k. To support the balance sheet and to fund growth plans we successfully raised £560k before expenses in November 2014 and this additional raise will further strengthen the balance sheet.

### **3. MXC Capital**

MXC Capital is an AIM quoted merchant bank specialising in investing in technology companies with a track record of enhancing shareholder value. MXC Capital was founded by Ian Smith and Tony Weaver and has completed 70 technology sector transactions over the last 13 years. MXC Capital will work with the Board of Pinnacle to build upon and augment its strategy for growth. MXC Capital brings a deep knowledge of the technology industry, proven operational skills and access to significant investment funding.

In consideration of its agreement to cornerstone the Placing to the value of approximately £0.4 million, and conditional upon the subscription by MXC Capital for 5,918,256 Ordinary Shares pursuant to the Placing and the passing of the Resolutions, MXC Capital has been granted warrants over 5 per cent. of the Enlarged Share Capital (the "**Warrants**"). The Warrant Instrument creating the Warrants contains a further provision to the effect that the number of Warrants created pursuant to the terms of this Instrument shall at all times be equal to 5 per cent. of the issued share capital of the Company and therefore each time that the Company allots and issues new Ordinary Shares it shall be deemed to have created such number of additional warrants which in number are equal to 5 per cent. of the number of new Ordinary Shares allotted and issued. This figure of 5 per cent. will be reduced pro rata by any allotment and issue of new Ordinary Shares pursuant to any partial exercise of Warrants during a 7 year exercise period (including more than one partial exercise of Warrants), for example if the warrant holder exercises 50 per cent. of the Warrants then the figure of 5 per cent. would be reduced to 2.5 per cent.

The Warrants are exercisable at the Placing Price and shall be exercisable over a 7 year period on the following terms:

- (i) the Warrants vesting a third per annum over the first 3 years;
- (ii) 50 per cent. of the Warrants vesting in any year (one third) becoming exercisable immediately and the remaining 50 per cent. of the Warrants only becoming exercisable subject to 12 per cent. per annum compound growth in the Company's share price with respect to the Placing Price having been achieved; and
- (iii) certain provisions are contained in the warrant instrument to provide for the entire award being exercisable on a takeover of the Company subject to the performance conditions having been met at that time.

Further to an agreement dated 27 April 2015 between the Company and MXC Capital under which corporate finance consultancy services will be provided to the Company, the Company has agreed to pay a fee of £30,000 (plus VAT where applicable) per annum to MXC Capital. In addition a maximum of 2.5 per cent. of the enterprise value of successful transactions consulted upon is payable by the Company.

### **4. Trading update**

On 20 February 2015, the Company released its audited final results for the year ended 30 September 2014. This stated that, whilst the Board has recognised from the outset that turning around Pinnacle Technology will take time, as demonstrated by the results, the Board continues to work to stabilise revenues in the business and to position the company to becoming EBITDA positive. Throughout the past year the business has been addressing loss making lines of business, reducing costs, and management attention is now increasingly focused on profitable revenue growth.

More recently the Board has been pleased to note the announcement of the O2 Mobile Digital Services Agreement and whilst the implementation of the agreement is still being progressed, the business is excited by the opportunity presented by the relationship. The business has also made progress in the

current year with the implementation of the Easynet agreement, reducing the access network cost base.

These initiatives, and others that have been embarked upon in the current financial year, are reducing the underlying cost base of the business whilst supporting the generation of new sales opportunities for both new client acquisition and cross-selling to existing clients.

With the progress that has been made in turning around Pinnacle Technology, the Board believes that the time is appropriate to consider reviewing acquisition opportunities that will take advantage of the underlying capabilities of the Group and corporate structure, coupled with the highly fragmented and regionalised market in which the Group operates. To that end, the Board has appointed MXC Capital Advisory LLP as financial adviser to support these activities.

With the opportunities available to Pinnacle Technology and the early signs of progress coming from the initiatives outlined above, albeit noting that further time and efforts are still required to restructure the Group into the appropriate form for its operations, the Board is increasingly confident about the future prospects of the Company.

## **5. The Placing**

The Company has conditionally raised approximately £0.8 million (net of expenses) through the issue of the Placing Shares at the Placing Price, which represents a premium of 16 per cent. to the closing middle market price of 5.625 pence per Existing Ordinary Share on 27 April 2015, being the latest Dealing Day prior to the publication of this document. The Placing Shares will represent approximately 22.2 per cent. of the Company's issued ordinary share capital immediately following Admission.

### ***The Placing Agreement***

Pursuant to the terms of the Placing Agreement, N+1 Singer has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the Placing Shares with certain institutional and other investors. The Placing has not been underwritten. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 15 May 2015 (or such later time and/or date as the Company and N+1 Singer may agree, but in any event by no later than 8.00 a.m. on 29 May 2015). If any of the conditions are not satisfied, the Placing Shares will not be issued and all monies received from the placees will be returned to them (at the placees' risk and without interest) as soon as possible thereafter.

The Placing Agreement contains warranties from the Company in favour of N+1 Singer in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify N+1 Singer in relation to certain liabilities it may incur in respect of the Placing. N+1 Singer has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given to N+1 Singer in the Placing Agreement, the failure of the Company to comply with any of its obligations under the Placing Agreement (in such a way that, in the reasonable opinion of N+1 Singer adversely affects, or makes it inadvisable to proceed with the Placing), the occurrence of a force majeure event or a material adverse change in (amongst other things) the financial or political conditions in the United Kingdom (which in the reasonable opinion of N+1 Singer adversely affects, or makes it inadvisable to proceed with the Placing), any circumstance arising giving rise to claim under the corporate finance indemnity or an adverse change affecting the business of the Group (which is material in the context of the Placing).

### ***Settlement and dealings***

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 15 May 2015 on which date it is also expected that the Placing Shares will be enabled for settlement in CREST.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

## 6. Enterprise Investment Scheme and Venture Capital Trusts

Investors should not consider that any of the reliefs under the EIS and VCT regimes will be available to them in respect of any new Ordinary Shares to be issued under the Placing.

## 7. Board Structure

As part of their placing participation of 3,418,256 Placing Shares (amounting to approximately £0.2 million at the Placing Price and resulting in a total holding representing approximately 10 per cent. of the Enlarged Share Capital), and subject to (i) the agreement of the Directors (not to be unreasonably withheld), and (ii) the appointment being approved by the Shareholders at the next following Annual General Meeting of the Company and (iii) subsequently in accordance with the Articles of Association of the Company, Livingbridge VC LLP has been granted the right to appoint a director to the Board of the Company for as long as it retains a minimum interest of 7.5 per cent. of the issued share capital of the Company.

As part of their placing participation of 5,918,256 Placing Shares (amounting to approximately £0.4 million at the Placing Price and resulting in a total holding representing approximately 11.61 per cent. of the Enlarged Share Capital), and subject to (i) the agreement of the Directors (not to be unreasonably withheld), and (ii) the appointment being approved by the Shareholders at the next following Annual General Meeting of the Company and (iii) subsequently in accordance with the Articles of Association of the Company, MXC has been granted the right to appoint a Director to the Board of the Company for as long as it retains a minimum interest of 7.5 per cent. of the issued share capital of the Company.

## 8. Director Dealing and Related Party Transaction

Three directors of the Company are participating in the Placing at the Placing Price as described below:

	<i>Amount subscribed (£)</i>	<i>Number of Placing Shares</i>	<i>Number of shares held including the Placing Shares</i>	<i>Percentage of Enlarged Share Capital</i>
James Dodd	58,785.74	904,396	4,065,935	6.87%
Thomas Black	70,009.03	1,077,062	4,842,199	8.18%
Nicholas Scallan	9,999.99	153,846	684,846	1.16%

The conditional agreements entered into by James Dodd, Thomas Black and Nicholas Scallan to subscribe for Placing Shares are classified as related party transactions for the purposes of the AIM Rules. In the absence of an independent director, N+1 Singer, the Company's Nominated Adviser, considers that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

## 9. The General Meeting

The Company currently does not have sufficient authorities in place under section 551 and section 570 of the Act to allot Ordinary Shares pursuant to the Placing and the Warrants and to disapply pre-emption rights in respect of such allotments. Accordingly, the Directors are seeking authority at the General Meeting to allot Ordinary Shares on a non-pre-emptive basis to implement the Placing.

Notice of the General Meeting is set out at the end of this document. The General Meeting will be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 14 May 2015.

Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (namely 10.00 a.m. on 12 May 2015). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders

on the Register 48 hours before the time of the adjourned General Meeting (excluding any part of a day that is not a Business Day) will be entitled to attend, speak and vote or to appoint a proxy.

In addition, a Form of Proxy for use at the General Meeting is enclosed with this document.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his proxy will have in the event of a poll.

**Action to be taken**

**A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 12 May 2015. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.**

**10. Recommendation**

**Your Board believes the Placing to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend you to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their holdings, amounting, in aggregate, to 7,457,676 Ordinary Shares, representing approximately 16.2 per cent. of the existing issued share capital of the Company.**

Yours faithfully

Dr James Dodd  
*Chairman*

# Pinnacle Technology Group plc

(the “Company”)

*(incorporated in England and Wales with registered number 5259846)*

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX on 14 May 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, resolution number 1 as an Ordinary Resolution and resolution number 2 as a Special Resolution:

### ORDINARY RESOLUTION

1. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**Act**”) to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “**relevant securities**”) up to:
  - 1.1 an aggregate nominal amount of £131,641.22 pursuant to the Placing (as defined in the Circular issued by the Company dated 28 April 2015 (the “**Circular**”));
  - 1.2 an aggregate nominal amount of £29,591.28 pursuant to the exercise of the Warrants (as defined in the Circular); and
  - 1.3 an aggregate nominal amount of £197,275.20 other than pursuant to the Placing or the exercise of the Warrants, representing approximately one third of the Company’s Enlarged Share Capital (as defined in the Circular),

provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2016, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if this authority had not expired.

### SPECIAL RESOLUTION

2. That, subject to the passing of resolution 1 above, the Directors be and they are empowered pursuant to section 570(1) of the Companies Act 2006 (the “**Act**”) to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority conferred by resolution 1 above as if section 561(1) of the Act did not apply to such allotment, provided that the power conferred by this resolution shall be limited to:
  - 2.1 the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
  - 2.2 other than under sub-paragraph 2.1 above, the allotment of equity securities up to:
    - (a) an aggregate nominal amount of £131,641.22 pursuant to the Placing (as defined in the Circular issued by the Company dated 28 April 2015 (the “**Circular**”));
    - (b) an aggregate nominal amount of £29,591.28 pursuant to the exercise of the Warrants (as defined in the Circular); and

- (c) other than pursuant to the Placing or the exercise of the Warrants, an aggregate nominal amount of £59,182.56, representing approximately 10 per cent. of the Enlarged Share Capital (as defined in the Circular),

and unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2016 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

*Registered Office:*

5 Fleet Place  
London  
EC4M 7RD

By Order of the Board

WJM Secretaries Limited  
*Company Secretary*

Dated: 28 April 2015

*Notes:*

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC on +44 (0870) 707 1017.
2. To be valid any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10.00 a.m., on 12 May 2015.
3. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in Note 6 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
4. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register at 10.00 a.m. on 12 May 2015 (or, in the event of any adjournment, 48 hours before the adjourned meeting (excluding any part of a day that is not a Business Day)). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 10.00 a.m. on 12 May 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

