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Pinnacle Tech Grp
Updates re Joint Ventures and Associate Company
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Pinnacle Technology Group PLC
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Pinnacle Technology Group plc
(the "Group" or "Pinnacle")

Updates re Joint Ventures and Associate Company

Pinnacle Technology Group plc, the AIM listed provider of converged technology solutions, is pleased to provide updates in relation the Group's joint ventures and associate company, all of which demonstrate progress with the Company's strategy of simplifying its organisational structure and re-focusing the business on higher margin services to maximise earnings.

Joint Ventures

Pinnacle is pleased to announce it has reached agreement with the shareholders of Accent Telecom North Limited ("ATN"), a company in which it holds a 30% stake, to acquire the remaining 70% of shares not held.

ATN has operated solely as a reseller of Accent Telecom UK ("ATUK"), a trading subsidiary of the Group engaged in providing telecoms services to businesses, for over 10 years under a business partnership agreement ("BPA"). Under the BPA, ATN received 80% of net profits generated by the customers introduced by it ("Commission") with the remaining 20% being retained by the Group. In the 12 months ended 31 January 2016 ATN earned £312,000 in Commission from ATUK under the BPA. The cash consideration payable by Pinnacle for the remaining 70% shareholding is £586,000, of which £326,000 was paid on completion (£66,000 of which effectively represents Commission earned not yet paid at completion). The remaining £260,000 is payable in March 2017. ATN is now a wholly owned subsidiary of the Group and all net profit earned from its customers will be retained by the Group.

A similar, albeit less formal, arrangement, existed in relation to a number of customers serviced by Pinnacle in the Midlands. An introducer of business had a contractual arrangement in force which resulted in a similar commission structure, and under which the Group paid Commission of £84,000 in the 12 months ended 31 January 2016. An agreement has been reached with the introducer whereby the Group has paid a final settlement of £70,000 in order to buy this introducer out of the right to future commission payments. The customers introduced under this arrangement remain with the Group.

Following these transactions Pinnacle has only one remaining relationship of this nature, with Accent Telecom South ("ATS"), a company in which it has a 30% shareholding and which has a similar profit sharing mechanism to ATN. ATS has been successful over the last 18 months in securing new contracts and retaining existing contracts and will remain as the sole reseller of ATUK.

Associate Company

Pinnacle is also pleased to announce that it has disposed of its 40% stake in Stripe 21 Limited ("Stripe 21"), a provider of voice over IP ("VOIP") software. The stake was not core to the Pinnacle business and has been sold to the majority shareholder of Stripe 21 for £385,000 in cash, payable on 31 March 2017. The holding was valued in the most recent accounts for the year ended 30 September 2015 at £100,000.

Gavin Lyons commented:

"At the time of the placing and acquisition announcement in January, we stated our intention to perform a full review of the Pinnacle business. There are a number of operational challenges but, before those

can be resolved completely, the fragmented nature of the Group needs to be consolidated. It is critical that we have total ownership of our customers and that the value proposition is focused on higher value services that meet our customers' needs. These three transactions help consolidate ownership of customers and dispose of non-core assets. We remain focused on creating a strong 'IT as a Service' business and will continue to simplify the organisational structure of the Pinnacle business to maximise earnings."

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