The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR").

18 August 2017

PCG Entertainment Plc
("PCGE" or the "Company")
PCG Entertainment Plc / Index: AIM / Epic: PCGE
Fundraising

Highlights

- Fundraising from institutional investors (the "Facility") arranged by RiverFort Global Capital ("RiverFort")
- Issue price under the Facility of 0.1 pence per new ordinary share
- The Facility (which comprises a subscription of £1.0 million and an equity sharing agreement) to be used to fund the Company's continuing operations, including general working capital requirements

Richard Poulden, Chairman of PCGE, commented: "This is the first stage in an overall funding relationship with RiverFort that can lead to the funding of new deals at the project level. I have worked with Brian Kinane, CEO of RiverFort, in the past and have admiration for his skills in this area."

Brian Kinane, CEO of RiverFort, commented: "The potential of the financing structure offered to PCGE by RiverFort should see success for both parties. This initial facility offered by RiverFort underlines our faith in PCGE's Board, expertise and strategy. The innovative financing supports both the Company's growth and enables RiverFort to benefit from PCGE's long term acquisition strategy."

Summary

PCG Entertainment Plc (AIM: PCGE), announces that it has agreed the Facility, which has been organised by RiverFort, and consists of two parts. The first part is a subscription to raise £1.0 million, before expenses, (the "Subscription") by way of a subscription for 1,000,000,000 ordinary shares of 0.1 pence each (the "Ordinary Shares") by a syndicate led by D-Beta One EQ Ltd and including Cuart Growth Capital Fund I (hereafter "the Syndicate") at an issue price of 0.1 pence per Ordinary Share (the "Subscription Shares"). The Subscription is conditional on admission of the Subscription Shares to trading on AIM ("Admission").

Of the gross proceeds of the Subscription, £425,000 will be retained by the Company and the balance of £575,000 will be returned by the Company to the Syndicate pursuant to the second part of the Facility, which is an equity sharing agreement (the "Equity Sharing Agreement"). The Equity Sharing Agreement entitles the Company to receive back those proceeds subject to a pricing adjustment on a pro rata monthly basis over a period of 12 months. It is also subject to adjustment upwards or downwards each month depending on the Company's share price performance during the previous month, as explained in more detail below. The Equity Sharing Agreement provides the opportunity for the Company to benefit from a positive future share performance. However, should the Company's share price not perform positively, then the Company will receive less than the amount it will return to the Syndicate (subject to pricing adjustment) and, if its share price falls substantially, the Company may have to return some or all the proceeds of the Subscription to the Syndicate.

In no event will fluctuations in the Company's share price result in any increase in the number of the Subscription Shares issued by the Company or received by the Syndicate.

The Facility

Under the Subscription, the Syndicate will subscribe for 1,000,000,000 Subscription Shares at par, for a total gross consideration of £1,000,000. The Subscription Shares will represent 28.4 per cent of the enlarged ordinary share capital of the Company. On completion of the Subscription, the Company shall pay the Syndicate 57.5 per cent of the funds received under the Subscription, i.e. £575,000, under the Equity Sharing Agreement (details of which are set out below), with the Company retaining £357,500 which is calculated after deducting the Company's costs.

It is the Company's intention to use the retained proceeds from the Subscription and any further receipts under the Equity Sharing Agreement in the Company's continuing operations, including for general working capital requirements.

The Equity Sharing Agreement

The Equity Sharing Agreement provides for a monthly payment to be made by the Syndicate to the Company, being £47,916 for the first 11 months and £47,924 in the twelfth and final month (the "Monthly Payment"). This payment may be adjusted up or down depending on whether the average of the lowest ten daily volume weighted average prices of the Ordinary Shares during the relevant month (the "Monthly Price") is above or below 0.11 pence per Ordinary Share (the "Benchmark Price"). If the Monthly Price is below the Benchmark Price, then the Monthly Payment is reduced based on the following formula:

£47,916 – (83,333,333 Ordinary Shares x (Benchmark Price-Market Price))
If the Monthly Price is above the Benchmark Price, then the Monthly Payment is increased based on the following formula:

£47,916 + (83,333,333 Ordinary Shares x (Market Price- Benchmark Price) x 0.75)
Note: The Monthly Payment and number of Ordinary Shares used in the above calculations will be £47,924 and 83,333,337 respectively in the twelfth and final month.

The Company intends to announce its monthly receipts under the Equity Sharing Agreement.

Admission and Total Voting Rights

An application will be made to admit the Subscription Shares to trading on AIM. Admission is expected to occur on or around 23 August 2017.

Following Admission, the Company's issued share capital will consist of 3,524,940,507 Ordinary Shares, with one voting right per share. PCGE does not hold any Ordinary Shares in treasury. Therefore, the total number of Ordinary Shares and voting rights in the Company will be 3,524,940,507. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company.

For more information on PCGE please visit the Company's website www.pcge.com.

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Further Information on the Subscription and Equity Sharing Agreement

The Subscription

The Company has raised, conditional of Admission, £1,000,000 (before expenses) through the issue of 1,000,000,000 Ordinary Shares at a price of 0.1 pence per share.

The Subscription is conditional on Admission of the Subscription Shares to trading on AIM occurring on or before 8.00 a.m. on 23rd August 2017 (or such later time and/or date as the Syndicate and the Company may agree, being not later than 8.00 a.m. on 31st August 2017).

The Company has agreed to pay the Syndicate certain commissions and fees in connection with the Subscription. Under the terms of the Subscription Agreement, the Company has given certain warranties and indemnities to the Syndicate in connection with the Subscription and other matters relating to the Company and its affairs.

The Subscription Shares will, when issued, represent approximately 28.4 per cent of the enlarged issued share capital of the Company following Admission. The Subscription Price represents a premium of approximately 17.6 per cent to the closing mid-market price of 0.085 pence for an existing Ordinary Share on 17 August 2017, the trading date prior to the announcement of the Subscription.

The Equity Sharing Agreement

The Company has entered into the Equity Sharing Agreement, pursuant to which, subject to the conditions therein and provided that the Company has received the subscription monies payable pursuant to the Subscription Agreement, the Company will pay an amount equal to 57.5 per cent of the gross proceeds of the Subscription to the Syndicate. The Equity Sharing Agreement will enable the Company to share in 75 per cent in any share price appreciation over the Benchmark Price. However, if the Company's share price remains less than the Benchmark Price then the amount received by the Company under the Equity Sharing Agreement will be less than the 57.5 per cent of the gross proceeds of the Subscription which are to be returned by the Company to the Syndicate at the outset.

The Equity Sharing Agreement provides that the Company will receive 12 approximately equal monthly settlement amounts as measured against the Benchmark Price. The monthly settlement amount for the Equity Sharing Agreement is structured to commence on 30 September 2017.

Should the Market Price be below the Benchmark Price, the Company will receive less than 100 per cent of the monthly settlement calculated on a pro rata basis and the Company will not be entitled to receive the shortfall at any later date. If the Market Price exceeds the Benchmark Price the Company will receive the Monthly Payment plus 75 per cent of the excess of the Market Price over the Benchmark Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected.

For example, if on the monthly settlement date, the Market Price is below the Benchmark Price by 10 per cent, the settlement on the monthly settlement date will be 90 per cent of the amount due on that date. If on a monthly settlement date the calculated Market Price exceeds the Benchmark Price by 10 per cent, the settlement on that monthly settlement date will be 107.5 per cent of the amount due from the Syndicate on that date.

Assuming the Market Price equals the Benchmark Price on the date of each and every monthly amount, the Company would receive aggregate proceeds of £1,000,000 (before expenses) from the Facility.

It is possible that in certain circumstances the Company may not receive the monthly settlement amount referred to above under the Equity Sharing Agreement and could in fact be liable to make cash payments to the Syndicate but in no circumstances can the Company's liability to make payments to the Syndicate on account of the adjustments referred to above exceed the amount of £425,000.

The Company will pay the Syndicate a legal fee, a Due Diligence fee and the Syndicate's legal costs incurred in the Subscription.

Under the terms of the Equity Sharing Agreement, the Company has given certain warranties and indemnities to the Syndicate in connection with the transactions contemplated therein and relating to the Company and its affairs.

In no event will fluctuations in the Company's share price result in any increase in the number of the Subscription Shares issued by the Company or received by the Syndicate.

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