

2 August 2016



APC TECHNOLOGY GROUP PLC

(“APC” or the “Company”)

Placing to raise £1.1 million

APC Technology Group PLC, the provider of technologies and services to improve organisational sustainability and operational performance and the specialist distributor of electronic components, is pleased to announce that it has conditionally raised £1.1 million (before expenses) by way of a placing of 13,750,000 ordinary shares of 2 pence each in the capital of the Company (“Placing Shares”), together with two warrants for every five Placing Shares issued (the “Placing”). The issue price is 8 pence per Placing Share (the “Issue Price”).

Highlights of the Placing:

- Placing of 13,750,000 Placing Shares to existing investors to raise gross proceeds of £1.1 million.
- The net proceeds of the Placing will be used to provide working capital to support growth within the core business units.
- For every five Placing Shares placed will receive two warrants (“Warrant”). Each Warrant will give the holder the right to subscribe for one ordinary share in APC at an exercise price of 10p per share at any time up to 5.00 p.m. on the day immediately prior to the second anniversary of the admission of the Placing Shares to trading on AIM (“Admission”).
- The Placing Shares and Warrants have been conditionally placed by Stockdale Securities Limited, as agent for the Company, with institutional and other investors. The Placing is not underwritten.
- The Placing Shares will represent approximately 10.8 per cent. of the enlarged issued share capital of the Company.

Richard Hodgson, Chief Executive of APC, commented:

“I would like to thank our shareholders for their continued support. This raise will help to fund the continuing turnaround of the business as we focus on the core business units. As we highlighted in our previous announcements we are seeing real traction through contract wins and a more robust order book across the business. I am confident that these funds, with the implementation of the actions we took following our operational review, will help to deliver a platform for profitable growth.”

Enquiries

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Background to and reasons for the Placing

On 31 May 2016, APC announced that, post the half year period end of 29 February 2016, it had received significant new orders for its LED products in Minimise Energy, it had signed a new measurement and verification contract with a major UK financial services business and that the order book in the component distribution business continued to be strong. The board of directors of the Company (“the Board”) also highlighted that future growth may be constrained by the Group’s working capital position. The Board is focused on meeting management expectations within the continuing businesses following the implementation of the actions highlighted through the operational review. The Placing will help the Company to ensure that its balance sheet is capable of adequately supporting APC’s growth profile and in the meantime the Board continues to pursue a focus on the core activities of the group to ensure the Company’s resources are most effectively deployed. The Board is of the opinion that the Placing (together with the Company’s reconfirmed invoice discounting facilities that have been extended to 31 December 2017) provides sufficient funds for fulfilment of APC’s order book.

Details of the Placing

The Placing is conditional, inter alia, upon:

- the placing agreement between the Company and Stockdale Securities Limited (the “Placing Agreement”) becoming unconditional and not having been terminated in accordance with its terms prior to admission of the Placing Shares to trading on AIM (“Admission”); and
- Admission of the Placing Shares having taken place not later than 8.00 a.m. on 5 August 2016 or such later date as Stockdale and the Company may agree (being not later than 5.00 p.m. on 22 August 2016).

The Placing will be undertaken pursuant to the general authorities granted to the Directors of the Company at the annual general meeting on 25 February 2016 and therefore no further shareholder approval is required.

The Placing Shares represent approximately 10.8 per cent. of the Company’s issued share capital as enlarged by the Placing Shares. The Issue Price represents a discount of 20 per cent. to the closing middle market price on 1 August 2016, being the last practicable date prior to the publication of this announcement.

Related party transaction

Hargreave Hale Limited is a substantial shareholder in the Company. Accordingly, its participation in the Placing is deemed to be a related party transaction pursuant to the AIM Rules for Companies. The directors of the Company, having consulted with the Company’s Nominated Adviser, Stockdale Securities Limited, consider that the terms of its participation in the Placing are fair and reasonable insofar as shareholders are concerned.

Terms of the Warrants

The Warrants, which will not be admitted to trading on AIM or any other public market, must be exercised before 5.00 p.m. on the day immediately prior to the second anniversary of Admission. The Warrants will lapse automatically if not exercised by such time. Each Warrant confers the right to subscribe for one Ordinary Share at an exercise price of 10p per share, which is payable in full upon exercise.

The Warrants are subject to certain customary protections, including adjustment rights in the event of an issue of shares or other securities of the Company to shareholders by way of capitalisation of reserves or profits or any sub-division, consolidation or reduction of the ordinary share capital of the Company.

Application for admission to trading, total voting rights

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is expected that such Admission will occur at 8.00 a.m. on 5 August 2016. The Placing Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid after the admission of the New Shares and will otherwise be identical to and rank on Admission pari passu in all respects with the existing Ordinary Shares.

Following Admission of the New Shares, the Company's enlarged issued share capital will comprise 127,679,777 Ordinary Shares. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of Ordinary Shares in the Company will be 127,679,777. 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 in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

Director dealing

Richard Hodgson, chief executive officer of the Company holds loan notes with a face value of £10,000 towards the Company and has offered to convert such loan notes into shares at the Issue Price once he is able to do so. A further announcement will be made, should the Company agree to convert the loan notes held by Richard Hodgson.

Prior to release, this announcement contained inside information.