

13 October 2016



APC TECHNOLOGY GROUP PLC

(“APC”, the “Company” or the “Group”)

Sale of Water Hygiene & Treatment Division

The Board of APC (the "Board") is pleased to announce that it has agreed the sale of its water hygiene and treatment division to Integrated Water Services Ltd (“IWS”), a subsidiary of South Staffordshire Plc. The division has been sold for a total consideration of £1.8m: £0.8m in cash consideration payable to APC, and £1m in respect of the settlement of amounts outstanding under the invoice finance facility provided by ABN Commercial Finance. In addition the transaction has allowed APC to dispose of £0.65m of future liabilities under operating leases, halve the Company’s headcount and significantly reduce fixed costs.

This disposal follows a review by the Board to focus efforts on the growth of its high reliability electronic components, Smartwave Internet of Things (“IoT”) products, and energy efficient lighting distribution businesses.

The Board believes that these businesses align much more closely, both operationally and in terms of future strategy, and that they provide a sustainable base for the future development of the Group.

Each one of these businesses have established products that exist in markets with significant growth opportunities and this disposal, along with other recent restructuring and financing initiatives, will help the Group to take full advantage of them.

The proceeds of the disposal will be used to strengthen the balance sheet and support working capital.

The business sold relates to the shares of Green Compliance Water Division Ltd which deals with water hygiene and treatment. In the 17 months to 31 August 2015 the business being sold had audited revenues of £11.3m, made a loss before tax of £2.1m and had net assets at 31 August 2015 of £0.4m.

Richard Hodgson, Chief Executive of APC, commented:

“We are very pleased to have reached agreement with IWS in relation to the disposal of our water hygiene and treatment division and believe that they offer a great home for the water staff and customers to thrive as part of a much larger business within the water industry.

With the restructuring of APC during the past 12 months, the fund raisings that we completed in February and August and now this disposal, APC is entering our fiscal year 2017 as a very focused operator in the high reliability electronic components, Smartwave Internet of Things products, and energy efficient lighting distribution businesses. This deal has also allowed us to significantly reduce our fixed costs.

We are committed to building an outstanding technical sales, marketing and distribution company for the incredible technologies that we represent in these growth markets now and in the future.

We look forward to the coming year as one where we can consolidate and grow our operations in these sectors.”

Enquiries

APC Technology Group PLC

+44 (0) 330 313 3220

Richard Hodgson, Chief Executive

www.apc-plc.co.uk

Art Russell, Chief Financial Officer

BDO LLP (Financial Adviser to APC)

+44 (0) 121 352 6200

Satvir Bungar

Stockdale Securities Limited (Nominated Adviser and Broker)

+44 (0)20 7601 6100

Mark Brown / Antonio Bossi / Edward Thomas

Redleaf Communications (Financial PR)

+44 (0)20 7382 4730

Rebecca Sanders-Hewett / David Ison / Susie Hudson