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React Group PLC - REAT Closure of EPUK Limited and trading update
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REACT Group plc
(the "Company" or the "Group")

Closure of EPUK Limited and trading update

REACT Group plc (AIM: REAT), the specialist provider of rapid response deep cleaning and emergency decontamination services, announces that it has decided to close its subsidiary, EPUK Limited ("EPUK").

EPUK was originally acquired for an initial cash consideration of £10,000 in April 2016; no potential deferred consideration has been paid to the vendors.

Under the terms of the acquisition agreement, the former owners were retained as consultants to EPUK to effect an orderly handover of the business. Despite early promise, this process stagnated and EPUK has failed to deliver the level of profitable business, or cross-selling to other Group customers, anticipated by the Group. Despite efforts made to integrate the business into the Group, there has been no significant improvement over recent months. The Board has therefore decided to act promptly and to close this business. Based on its experience of this activity, the Board now believes the EPUK business has limited prospects of generating an acceptable return, given the significant diversion of management time and the likely costs involved to address the situation. The two remaining operatives who are employed by EPUK will be retained elsewhere within the Group.

Based on unaudited management accounts, the Board now expects that the results for the year ended 30 September 2016 are likely to show a loss of between £250,000 and £300,000 (though this is subject to audit). Of this total the Board believes up to c£180,000 relates to EPUK, representing a

combination of acquisition liabilities and trading losses since acquisition. The Board expects that no further consideration will fall due under the original acquisition agreement. The remaining expected Group losses are primarily due to the costs of integration of the other new subsidiaries in their first full year of trading. The Company expects to announce its preliminary results in February 2017.

Grahame Rummery CEO of REACT Group plc commented: "EPUK has been a very disappointing situation for the Company. By closing the business the management team is now able to concentrate its attention and efforts on the rest of the REACT Group to raise sales and to improve margins for the Group."

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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