

This announcement contains inside information

20 November 2017

Bagir Group Limited
("Bagir" or the "Company")

**Trading Update
and
Possible Strategic Investor**

Bagir (AIM: BAGR), a designer, creator and provider of innovative tailoring, announces that its order book has slowed in the second half of the financial year. At the same time, some orders originally anticipated for H2 2017 have now been delayed into Q1 of 2018. The effect of this slowdown and delay in the Company's order book, coupled with an increase in manufacturing costs, particularly in Vietnam, means that the Company now anticipates that both revenue and adjusted EBITDA for FY2017 will be below expectations.

As announced at the time of its half year results in September 2017, the Company continues to look at ways to make further cost savings. In pursuance of this, the Company has identified a restructuring programme with the objective of reducing the overall operational cost base by approximately \$2 million on an annualised basis. It is anticipated that the programme will be implemented in full by the end of the first half of 2018.

Looking ahead to 2018, trading conditions are likely to remain challenging but the actions to reduce costs are expected to ensure that the Company remains profitable.

The Company reaffirms the view that its first mover advantage in Ethiopia is potentially transformative to its medium-to-long term prospects. The planned development of machinery for the 3200 TRS production lines in order to be able to produce larger volume orders remains on schedule to be installed by the end of 2017 and to be fully operational during 2018.

Bagir also announces it is in advanced negotiations with a leading global textile manufacturer, to form a strategic partnership which would involve a significant investment into the Company with the aim of expanding the Company's manufacturing base in Ethiopia and significantly accelerating the timetable for achieving this location's operational potential. There is no certainty that the negotiations will result in a firm agreement and further announcements will be made at the appropriate time.

Eran Itzhak, Chief Executive Officer, said: "It is a highly competitive period for retail manufacturing, nevertheless, it is very disappointing that we are not meeting our order targets for this year. The Company has been through significant change and is now substantially better positioned to compete than it was and through our ownership and investment in Ethiopia we have the platform to build up market share. If a strategic partnership is formed with the global textile manufacturer we will be much quicker to achieve this objective."

Enquiries:

Bagir Group Ltd.
Eran Itzhak, Chief Executive Officer
Udi Cohen, Chief Financial Officer
Tessa Laws, Non-Executive Chairman

via Novella Communications on:
+44 (0) 20 3151 7008

N+1 Singer
Alex Price

+44 (0) 20 7496 3000

Novella
Tim Robertson
Toby Andrews