

Bagir Group Ltd.
("Bagir" or the "Company")

**Announces Proposed Private Placement, Bank Refinancing
and
Trading Update**

Bagir (AIM: BAGR), a designer, creator and provider of innovative tailoring, is pleased to announce, as part of the Company's Recovery Plan, an agreement with its lenders, Bank Leumi and Discount Bank to clear all outstanding bank debt (approximately \$21 million). Additionally, the Company intends to undertake a private placement to raise approximately \$8.5 million ("Private Placement").

"During the recent months we have been working closely with both of our lenders to address the imbalance between the size of the business and its current level of borrowings. Today, we are pleased to be announcing a new plan under which the outstanding borrowings will be partially repaid and the balance written off which will enable the Company to strengthen its financial position, support its operating cash flow and once again invest in growing the business. We are grateful to our lenders for working collaboratively on this," said Eran Itzhak, Chief Executive Officer of Bagir.

Agreement with Lenders

- Under the agreement the Company's two principal lenders have agreed to accept a partial repayment and then to write-off the balance of all bank loans amounting to approximately \$21 million and associated obligations, subject to the Company fulfilling the following conditions to them pro rata before 31 December 2016:
 - Cash payment of \$6.3 million to be funded from the proposed Private Placement ("Cash Payment").
 - Allocation to the lenders of 8.33% of the Company's total issued share capital post the completion of the Private Placement.
- On receipt of the Cash Payment and issue of new ordinary shares to the banks, each of the banks shall write-off the outstanding balance of the obligations and liabilities of the Company to the banks and any liens, mortgages, and guarantees created in favor of the banks, will also be cancelled.
- Additionally, if the Company generates annual EBITDA above \$6.5 million between 2016 and 2024 then a contingent payment will be due of 50% of the excess of annual EBITDA generated above \$6.5 million up to a maximum payment in aggregate of \$8.0 million.

Proposed Private Placement

- The Company intends to raise approximately \$8.5 million (before expenses) by way of a Private Placement from both existing and new shareholders.

- Of the net proceeds from the Private Placement \$6.3 million will be used to repay the lenders and the balance will be used as working capital to support the business operations.
- The Private Placement is interdependent on the completion of the Bank Refinancing.
- Completion of the Private Placement is subject inter alia to shareholder approval, which will be sought at a General Meeting of the Company. Details will be made available to shareholders in due course.

Update on Current Trading

- Trading in H1 2016 has been in line with management expectations in both the US and the UK markets and the Company is expecting positive EBITDA for this period compared to a loss in the prior year.
- The Company continues to make good progress under the Recovery Plan set out to shareholders in the full year results announcement with a key focus on:
 - Targeting new clients from amongst the larger players in US and UK retail markets.
 - Securing high volume sale orders supported by a new pricing model.
 - Further expansion of operations at the Company's chosen production sites in Egypt, Vietnam and Ethiopia, to maximise the potential for customs and tariff-free trade.
- The Company's interim results are expected to be announced in September 2016.

Commenting on the announcement, Eran Itzhak, said, "This is a significant point in the recovery of the business, one which creates a new platform for the business to grow from. Bagir has fifty years of trading history and skill in providing quality, uniquely designed and innovatively tailored products to leading retailers globally. The fundamentals of the business remain strong and with a new financial base we would expect to accelerate our ability to rebuild the business.

We will now proceed to put forward our proposals for the bank refinancing and for the equity raising to new and existing investors and we look forward to providing a further update on our progress."

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