

13 February 2019

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

**Strategic partner Shandong Ruyi to provide
manufacturing equipment and improved credit terms**

Bagir (AIM: BAGR), a designer, creator and provider of innovative tailoring, is pleased to announce, that Shandong Ruyi Technology Group ("**Shandong Ruyi**"), a strategic partner, further to the previously announced \$16.5 million proposed investment in Bagir, will provide the Company suit jacket manufacturing equipment for exclusive and indefinite use in its Ethiopian manufacturing facility. The manufacturing equipment, which consists of nearly new and second-hand machinery, is being provided to Bagir for nil consideration. The manufacturing equipment provided has an estimated market value of approximately \$1.3 million. The manufacturing equipment is expected to be delivered to the Company's Ethiopian manufacturing site during 2019.

The Company's Ethiopian facility has existing capacity to produce up to 3,500 suit trousers per day. The addition of the new manufacturing equipment will form the base of a new production line to manufacture suit jackets which, together with an additional investment of approximately \$1.5 million from the Company, will be capable of producing 500 suit jackets per day. The additional investment is expected to take place after the completion of the investment by Shandong Ruyi and the Company expects that the suit jacket line will be fully operative by the end of H1 2020. This will be the first stage of the Company's medium term investment plans to increase the capacity of the Ethiopian facility to approximately 3,000 full suits per day using the remaining investment proceeds of \$13.2 million from Shandong Ruyi, which are expected to be received no later than 30 May 2019 (following the \$3.3 million non-refundable deposit already received by the Company).

In addition, Shandong Ruyi, an existing supplier of Bagir, has granted an extension of 90 days to their usual credit payment terms on the acquisition of up to 500,000 meters of wool and wool blend fabrics at market value. This extension to Shandong Ruyi's credit terms will last until 30 June 2019.

Shandong Ruyi is a related party of the Company for the purposes of the AIM Rules by virtue of the investment agreement signed between Shandong Ruyi and Bagir on 31 August 2018. The Directors consider, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of transactions detailed above are fair and reasonable insofar as the Company's shareholders are concerned.

Chief Executive Officer, Eran Itzhak, said: "We are delighted to commence our close strategic partnership with Shandong Ruyi. The machinery provided will accelerate both Bagir and Shandong Ruyi's commitment to take advantage of the manufacturing opportunity in Ethiopia. This, together with the new favourable payment terms for fabric, also shows the obvious advantages to Bagir of partnering with one of the world's leading textile manufactures."

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