

27 September 2019

Abal Group Plc

("Abal" or "the Company")

Update, Proposed Transaction and Related Party Transaction

Introduction

Abal announces that it has entered into a conditional share sale and purchase agreement (the "Agreement") to acquire the entire issued and to be issued share capital of Supply@ME S.r.l., ("Supply@ME").

The proposed transaction, the principal terms of which are summarised below under the heading "Terms of the Agreement", would, because of the relative sizes of the Company and Supply@ME, constitute a reverse takeover of the Company for the purpose of Rule 14 of the AIM Rules for Companies (the "AIM Rules"). In addition, because of the relationships with certain persons in relation to both the Company and Supply@ME, the proposed transaction would constitute a related party transaction by the Company for the purpose of Rule 14 of the AIM Rules.

The Company also proposes to undertake a placing of new ordinary shares to raise new monies to provide additional funding to cover the costs of the proposed transaction and to provide working and development capital to the Company following the proposed transaction's completion.

Details of Supply@ME

Supply@ME has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customer companies to carry out "inventory monetisation" transactions by transferring their unsold stock of goods to Supply@ME. This allows customers to strengthen their balance sheets while maintaining the availability of the stock of such goods so as to continue to sell them to their end customers.

Supply@Me has its headquarters in Milan and it intends to build a presence in London. It is also the intention that its services will be rolled out into other European countries in due course. Supply@Me's chief executive officer, Alessandro Zamboni, is a regulatory and digital models specialist. The intention is that he will become the Company's chief executive officer on completion of its acquisition of Supply@Me.

Terms of the Agreement

The Agreement, which was entered into on 26 September 2019, provides for the Company to acquire the entire issued and to be issued share capital of Supply@ME from the sellers for a consideration to be settled entirely by the issue of new ordinary shares in the Company. These new ordinary shares will be issued at a price of 0.6756 pence per share, being the volume weighted average price of an Abal ordinary share over the 5 business days preceding the date on which its shares were suspended from trading on AIM. No cash or other consideration will be payable by the Company. The value of the consideration to be paid, that is to say the number of new ordinary shares to be issued by Abal to the

sellers of Supply@ME, will be linked and referable to the terms of the proposed placing to be undertaken by the Company and is currently therefore uncertain.

The Agreement is conditional on a number of matters, including completion of the proposed placing, shareholders' approval and completion of all necessary regulatory permissions, and the admission of the entire issued and to be issued (in respect of the Acquisition and the proposed placing) ordinary share capital of the Company to the Official List (standard segment) of the UK Listing Authority (the "Standard List") and to trading on the Main Market of London Stock Exchange Plc, for which application is expected to be made in due course. There can be no assurance that all or any of the conditions to the Agreement will be satisfied and accordingly there can be no assurance that the Agreement will complete in accordance with its terms or at all.

Regulatory disclosures

Reverse Takeover

The proposed acquisition of Supply@ME, relative to the net assets, market capitalisation and turnover of the Company, exceeds 100% of class tests contained in the AIM Rules and accordingly comprises a reverse takeover for the purpose of Rule 14 of the AIM Rules. The proposed transaction will therefore be subject to Shareholders' approval. A notice of general meeting to obtain such approval will be contained in a prospectus to be published in due course.

Related Party Transaction - The Avant Garde Group

The AvantGarde Group is interested in 92.2% of Supply@ME's issued share capital. Dominic White is a director of Eight Capital Partners PLC which is interested in 22.61% of the Company's ordinary shares. Dominic White is indirectly interested in 42% of the issued share capital of The Avant Garde Group and is therefore a related party of the Company in accordance with AIM Rule 13. Consequently, the proposed acquisition will be subject to, inter alia, agreement from that Company's independent director, Simon Charles, in consultation with the Company's nominated adviser, WH Ireland Limited, that the final terms of the transaction, once they are agreed, are fair and reasonable so far as shareholders are concerned.

Related Party Transaction - Epsilon Capital

Epsilon Capital Limited has been appointed as the placing agent to the Company. John Treacy, a director of the Company, is also a director of Epsilon Capital Limited. John Treacy is interested in 30% of the share capital of Epsilon Capital Limited. Eight Capital Partners PLC, which is interested in 22.61% of the Company's ordinary shares, is a 70% shareholder of Epsilon Capital Limited. Therefore in accordance with AIM Rule 13, John Treacy and Eight Capital are each regarded as related parties and the transaction with Epsilon Capital constitutes a related party transaction. Having consulted with the Company's nominated adviser, WH Ireland Limited, the independent director, Simon Charles, considers the terms of Epsilon Capital Limited's appointment are fair and reasonable so far as shareholders are concerned.

Accounts for year ended 31 March 2019

In respect of the company's financial statements for the financial ended 31 March 2019, these will be published after 30 September 2019, and in conjunction with an update in respect of the potential transaction referred to above.

Trading in the Company's shares on AIM was suspended on 6 August 2019. It is currently anticipated that trading in the Company's shares will not resume until the transaction with Supply@Me is completed and the Company has been successfully admitted to the Standard List.

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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