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10 January 2019

Imaginatik plc

("Imaginatik" or the "Company")

Proposed sale of Imaginatik business and assets

Imaginatik plc (AIM: IMTK), the innovation software company, is pleased to announce that it has entered into a conditional agreement to sell the business and assets of Imaginatik, including its name, associated domains and trademarks and its trading assets, (being the whole business of the Company), for an initial cash consideration of $1.7 million payable on Completion and up to a further $800,000 depending on the satisfaction of certain conditions. In accordance with AIM Rule 15, the Disposal constitutes a fundamental change of business of the Company and is therefore conditional on Shareholders' approval at a General Meeting of the Company being convened for 9.15 a.m. on 28 January 2019.

Commenting on the Sale, Angus Forrest, Chief Executive of Imaginatik, said:

"Whilst considerable progress has been made in improving the business, there is still more to do to ensure the business has a successful independent future. The Board believes the offer received from Planbox Inc recognises the progress made and it is in the interests of all Imaginatik shareholders to approve the sale of the business."

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About Imaginatik

Imaginatik is a leading innovation solution provider, which has combined a proven innovation program with purpose-built idea management software to enable companies to achieve breakthrough and continuous innovation at scale. Imaginatik works with leading global enterprises to build and integrate innovation management skills as a core competency. Customers include ExxonMobil, Altria, TD Bank, Sodexo, Caterpillar and Cargill.

For more information visit www.imaginatik.com.

Information on the Company and current trading

The Company is a provider of innovation enablement services to a number of large enterprises, offering both consultancy and technology to enable the implementation and systemization of innovation processes within and throughout the business.

For the full year to 31 March 2018, the Company reported revenues of £3.7 million and a loss before tax of £1.4 million. For the half year to 30 September 2018 it reported revenues of £1.4 million and a loss before tax of £0.6 million.

Further to the announcement issued by the Company on 3 December 2018, the Company continues to trade in line with its internal forecasts. The Directors are continuing to implement a programme of reducing the Company's costs of operations whilst increasing revenues.

Background to, and reasons for, the Proposed Disposal

The Company was admitted to trading on AIM in December 2006 having raised £2.1 million (gross) with a market capitalisation of £8.7 million. Since Admission the Company has not made a profit. The market capitalisation of the Company as at the close of business on 8 January 2019 (being the last practicable date prior to this announcement) was £1.67 million.

In February 2018, the Company announced a strategic review of its operations, which the Directors hoped would generate proposals to acquire the Company. Whilst discussions were held with certain interested parties those discussions came to nothing.

In 2018 the Company required continuing injections of capital in order to enable it to continue to trade. In 2018 it has raised equity capital of over £1,000,000 and undertook conversions of debt into equity amounting to approximately £100,000.

In June 2018, new management joined the Company and embarked on an immediate review of the Company's business and operations, which resulted in a cost reduction programme. Steps have been taken to build sales but this takes time and money. Whilst sales are now increasing the Directors believe that substantive growth in the Company's revenue is likely to take time and is uncertain, so any increase in fundamental shareholder value is likely to be modest for some time. In addition, the Directors cannot be certain that the Company will not require further financial support to continue its operations.

Several expressions of interest were received in the second half of 2018 and the Board concluded that it was in Shareholders' interests to accept the offer from

Planbox Imaginatic Ltd ("Planbox" or "the Purchaser"), and to sell the Company's core operating business and assets for cash.

Accordingly, the Company has accepted, subject to Shareholders' approval, an offer from Planbox to acquire all of the Company's business and assets (except certain cash at bank and other immaterial assets) which do not relate to its ongoing status as a public company on AIM. On 10 January 2019 the Company announced that it had entered into the Disposal Agreement conditional only on the approval of the Disposal by Shareholders.

In addition, the Directors believe that the Disposal provides the following benefits:

- the total consideration of $2.5 million is in excess of the market capitalisation of the Company as at the close of business on 8 January 2019 (being the last practicable date prior to this announcement) being £1.7million;

- the total consideration of $2.5 million is in in excess the estimated book value of the assets being disposed of which is approximately £2.0 million;

- the business under new ownership will have greater scale, a larger market presence and access to greater resources which should be to the benefit of its employees, customers and suppliers; and

- for shareholders it eliminates the risks of the business and allows the funds to redeployed in businesses with stronger growth prospects.

As such, the Board considers that the Disposal is in the best interests of the Company and Shareholders as a whole.

Information on the Disposal

The business and assets of the Company, with the exception of the ongoing contracts which relate to its status as a public company on AIM and its cash at bank and some other immaterial assets, are to be disposed of as part of the Disposal. The Disposal will also involve the transfer of all Imaginatik employees to the Purchaser on the same terms and conditions under which they are currently engaged, save in respect of Mr Forrest and Mr Taylor.

Simon Charles, John Treacy and Angus Forrest will remain as directors of the Company following Completion. Mr Taylor will step down from the Board on Completion.

Principal terms of the Disposal

The Company has entered into the Disposal Agreement with the Purchaser under which the Purchaser has agreed to acquire the Company's business and assets (save for cash at bank) in relation to its operating business of innovation consulting and technology services, including the right to the name "Imaginatik". The principal terms of the Disposal are as follows:

- the Purchaser will purchase the operating business and assets (save for certain cash at bank and other immaterial assets) of the Company;

- the Disposal is conditional upon the approval of Shareholders. If this condition is not fulfilled on or before 28 January 2019, the agreement may be terminated and the Disposal may not be completed;

- the consideration payable by the Purchaser in respect of the Disposal is a total of $1.72 million payable in full in cash on Completion and with the release of an additional $246,000 if certain customers sign contracts before 31 March; and a maximum holdback amount of $370,000 payable in full on 1 August 2019 if not less than 90 per cent. (by value) of the Company's account receivables as at Completion have been paid to the Purchaser by 31 March 2019. If by 30 June 2019, more than 70 per cent. but less than 90 per cent. of the account receivables have been paid then $185,000 of the holdback amount will be paid on 30 June 2019 and the holdback amount will be reduced by $185,000. If less than 70 per cent. of the account receivables have been paid to the Purchaser by 30 June 2019 then no payment will be due and the holdback amount will be reduced by $370,000. An additional earn out payment of $300,000 will be paid by 1 August 2019 (or, if earlier, as soon as possible following the satisfaction of the earn out conditions) conditional on the cumulative earnings before interest and taxes of the business transferred for the six months to 30 June 2019 being equal to or exceeding £293,000 and the Purchaser not having had to finance the business. The post completion consideration is capped at $800,000.

- most Imaginatik employees will have their employment transferred to the Purchaser on the same terms and conditions under which they are currently employed;

- under the terms of the Disposal Agreement, the Company has given certain customary warranties in favour of the Purchaser. On completion of the Disposal, the Company's total liability for breaches of any representations, and warranties under the Disposal Agreement will be capped at such amount of the purchase price as it shall have received; and

- under the terms of the Disposal Agreement, Planbox Inc., acting as guarantor, guarantees performance of the Purchaser's obligations under the Disposal Agreement.

Completion of the Disposal is conditional upon the passing of Resolution 1 at the General Meeting.

Information on the Purchaser

Planbox Imaginatik Ltd, is a special purpose vehicle established by Planbox Inc. for the purposes of acquiring the Disposal.

Planbox Inc. provides of cloud-based AI-powered agile work innovation software solutions. It seeks to help organisations thrive by transforming the culture of agile work, continuous innovation and creativity across the entire organisation. Its range of products include collaborative innovation management applications. Planbox sells its innovation services into companies such as Bridgestone, CGI, Nestlé, Sempra Energy, Starbucks, Stanford, Philips, The Salvation Army and Verizon with many internal and external users.

Financial effects of the Proposed Disposal and use of proceeds

The net cash proceeds arising from the Disposal are expected to be approximately £1.4 million and will be utilised first to extinguish the Company's liabilities. Net of these liabilities the Company is expected to have a free cash balance of approximately £1.0 million on Completion after receipt of the initial consideration.

It is anticipated that the cash to be received by the Company will be used to acquire another business(es) which the directors believe will deliver greater returns for investors.

Change of Name

To reflect the new direction of the Company, the Board is proposing to change the name of the Company. Under the Companies Act 2006, a change of name requires the passing of a special resolution of Shareholders at a general meeting. Therefore a special resolution will be put to the General Meeting to approve the change of the Company's name to:

"Abal Group plc"

The change of name will become effective once the Registrar of Companies has issued a new certificate of incorporation on the change of name. This is expected to occur on or around 31 January 2019. The tradeable instrument display mnemonic ("TIDM") of the Company is expected to change to AIM: ABAL effective from 7.00 a.m. on 31 January 2019.

Recommendation

The Board considers that the Disposal and change of name of the Company is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of the Ordinary Shares which they control.

General Meeting

The Company is arranging for a Circular to be sent to all shareholders which includes the Notice of General Meeting to be held at 9.15 a.m. on 28 January 2019 at the offices of Marriott Harrison LLP, 11 Staple Inn, London, WC1V 7QH.

The circular will also be available on the Company's website www.imaginatik.com

— ENDS —

For further information, please contact:

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