

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. You should read the whole of this Document.**

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please pass this Document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected so that they can pass this Document to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This Document comprises a circular and notice of General Meeting.

The Directors, whose names appear on page 6 of this Document, and the Company accept responsibility, collectively and individually, for the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Document and any accompanying documents to jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and this Document does not form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Ordinary Shares. This Document should not be distributed in any jurisdiction where to do so would be unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this Document and/or any of the accompanying documents comes should inform themselves about and observe such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

**This Document is not a prospectus for the purposes of the Prospectus Regulation Rules. Accordingly, this Document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA.**

Application will be made for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

**This Document does not comprise an admission document under the AIM Rules and neither the London Stock Exchange nor the Financial Conduct Authority have examined or approved the contents of this Document. This Document does not constitute a recommendation regarding securities of the Company. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Placing Shares to the Official List. The Placing Shares will not be dealt on any other recognised investment exchange and no other such application will be made.**

First Admission will become effective and dealings in the First Tranche Placing Shares are expected to commence at 8.00 a.m. on or around 24 January 2020. Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is anticipated that Second Admission will become effective and that dealings in the Second Tranche Placing Shares will commence at 8.00 a.m. on or around 12 February 2020.

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## **IG Design Group plc**

*(incorporated and registered in England and Wales under number 01401155)*

### **PROPOSED PLACING OF 9,403,720 NEW ORDINARY SHARES AT 694.0 PENCE PER SHARE AND NOTICE OF GENERAL MEETING**

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Your attention is drawn to the letter from the Chairman of the Company set out in pages 12 to 17 of this Document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of IG Design Group plc, to be held at 1.00 p.m. at No. 7 Water End Barns, Water End, Eversholt, Bedfordshire, MK17 9EA on 11 February 2020, is set out at the end of this Document. Shareholders are entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at the General Meeting. To be valid, a proxy appointment must be received by not later than 1.00 p.m. on 9 February 2020. Appointment of a proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. For full details on proxy appointments, see the notes to the Notice of General Meeting.

Canaccord Genuity Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as Nominated Adviser, Financial Adviser, Sole Broker and Sole Bookrunner to the Company in connection with the matters described in this Document and is not acting for any other persons in relation to the Placing and Admission. Canaccord is acting exclusively for the Company and for no one else in relation to

the contents of this Document and persons receiving this Document should note that Canaccord will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord or for advising any other person on the arrangements described in this Document. Canaccord has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by Canaccord for the accuracy of any information or opinions contained in this Document or for the omission of any information. The responsibilities of Canaccord as the Company's Nominated Adviser and Sole Broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this Document or otherwise.

In connection with the Placing, Canaccord and any of its affiliates, acting as investors for its own account, may subscribe for or purchase Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its own account in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt in should be read as including any offer to, or subscription, acquisition, placing or dealing by Canaccord and any of its affiliates acting as investors for its own account. In addition, Canaccord or its affiliates may enter into financing arrangements and swaps in connection with which it or its affiliates may from time to time acquire, hold or dispose of Ordinary Shares. Canaccord has no intention to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Placing Shares to be issued will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

The Placing Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa, Switzerland or Japan, nor has any prospectus in relation to the Placing Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into such jurisdictions. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

This Document may contain statements about Design Group that are or may be "forward-looking statements". All statements, other than statements of historical facts, included in this Document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", "would", "could", "continue", "potential" or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements include matters which are not facts. They appear in a number of places throughout this Document and include (without limitation) statements regarding the Directors' intentions, understanding, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. These forward-looking statements are not a guarantee of future performance and have not been reviewed by the auditors of Design Group. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules), Design Group does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Design Group or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Document are based on information available to the Directors at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

*The market guidance published by CSS on 14 November 2019, as referred to in this Document, was based on the assumptions, estimates and expectations of CSS as of such date, and is subject to a number of known and unknown risks and significant business, economic and competitive uncertainties that may cause actual results to differ materially from expectations. Numerous factors could cause actual future results to differ materially from current expectations, including the risks and other risk factors detailed in various publicly available documents filed by CSS from time to time with the Securities and Exchange Commission, which are available at [www.sec.gov](http://www.sec.gov), including but not limited to, such information appearing under the caption "Risk Factors" in CSS' Annual Report on Form 10-K filed with the SEC on 31 May 2019.*

Shareholders should not construe the contents of this Document as legal, tax or financial advice, and should consult with their own advisers as to the matters described herein.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "predict" or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding or which make assumptions in respect of the planned use of the proceeds for the Issue, the Group's liquidity position, the future performance of the Group, future interest rates and currency controls, the Group's future financial position, plans and objectives for future operations and any other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals, and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this Document by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgement at the date of this Document and are not intended to give any assurance as to future results. Except as required by the FCA, the London Stock Exchange, the AIM Rules or applicable law, the Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

### Notice to overseas persons

The distribution of this Document and any accompanying documents in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Existing Ordinary Shares and the Placing Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Placing Shares may not be offered or sold, exercised, resold, transferred or delivered, directly or indirectly, in or into the United States unless registered under the US Securities Act or offered in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Placing Shares to any person with a registered address, or who is resident or located in, the United States, and there will be no public offer of Placing Shares in the United States. Neither the Existing Ordinary Shares nor the Placing Shares have been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this Document or confirmed the accuracy or adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

The Placing Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, New Zealand, the Republic of Ireland, the Republic of South Africa, Switzerland or Japan,

nor has any prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Placing Shares may not be offered, sold, taken up, delivered or transferred in, into or from Australia, Canada, New Zealand, the Republic of Ireland, the Republic of South Africa, Switzerland, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a “**Restricted Jurisdiction**”) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction.

This Document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person. In particular, this Document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction.

#### **No incorporation**

The contents of the Company’s website at <https://www.thedesigngroup.com> and the contents of CSS’ website at <https://www.cssindustries.com> are not incorporated into, and do not form part of this Document.

#### **Publication on website**

This Document is available on the Company’s website (at <https://www.thedesigngroup.com/investors/reports-presentations/>) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

#### **References**

All times referred to in this Document are, unless otherwise stated, references to London time (unless otherwise stated).

All references in this Document to “£”, “pence” or “p” are to the lawful currency of the UK from time to time.

All references in this Document to “\$” or “dollars” are to the lawful currency of the United States from time to time.

All figures, unless otherwise stated, have been translated using £1:\$1.29.

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## DIRECTORS, SECRETARY AND ADVISERS

Directors	John Charlton ( <i>Non-Executive Chairman</i> ) Anders Hedlund ( <i>Founder and Non-Executive Deputy Chairman</i> ) Paul Fineman ( <i>Chief Executive Officer</i> ) Giles Willits ( <i>Chief Financial Officer</i> ) Lance Burn ( <i>Executive Director</i> ) Elaine Bond ( <i>Non-Executive Director</i> ) Mark Tentori ( <i>Non-Executive Director</i> )
Company Secretary	Joy Laws
Head office and registered office	No. 7 Water End Barns, Water End, Eversholt, Bedfordshire, MK17 9EA
Nominated Adviser, Financial Adviser, Sole Broker and Sole Bookrunner	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Legal advisers to the Company in respect of the Placing	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF
Legal advisers to the Company in respect of the Acquisition	Seyfarth Shaw LLP 1075 Peachtree Street, NE Suite 2500 Atlanta, GA 30309
Legal advisers to the Nominated Adviser, Financial Adviser, Sole Broker and Sole Bookrunner	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2020

Announcement of the Acquisition and Placing	4:35 p.m. on 20 January
Dispatch of this Document	21 January
Admission and commencement of dealings in First Tranche Placing Shares	8.00 a.m. on 24 January
First Tranche Placing Shares credited to CREST stock accounts	24 January
Despatch of definitive share certificates for First Tranche Placing Shares	by 7 February
Latest time and date for receipt of proxy appointments	1.00 p.m. on 9 February
General Meeting	1.00 p.m. on 11 February
Admission and commencement of dealings in Second Tranche Placing Shares if the Resolutions are passed	8.00 a.m. on 12 February
Second Tranche Placing Shares credited to CREST stock accounts if the Resolutions are passed	12 February
Despatch of definitive share certificates for Second Tranche Placing Shares if the Resolutions are passed	by 26 February

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*Notes:*

- (i) References to times in this Document are to London time (unless otherwise stated).
- (ii) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to an RIS.
- (iii) The timing of the events in the above timetable and in the rest of this Document is indicative only.

## PLACING STATISTICS

Placing Price per Placing Share under the Placing	<b>694.0 pence</b>
Number of Existing Ordinary Shares prior to Admission of any of the Placing Shares	<b>79,075,729</b>
Number of First Tranche Placing Shares issued by the Company pursuant to the First Tranche Placing	<b>7,887,347</b>
Gross proceeds received by the Company from the First Tranche Placing	<b>£54.7 million</b>
Number of Second Tranche Placing Shares to be issued by the Company pursuant to the Second Tranche Placing	<b>9,403,720</b>
Estimated gross proceeds expected to be received by the Company from the Second Tranche Placing Shares	<b>£65.3 million</b>
Total gross proceeds of the Placing	<b>£120.0 million</b>

## DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise or unless it is otherwise specifically provided:

“Acquisition”	the acquisition by a newly formed wholly owned subsidiary of IG Design Group Americas, Inc., Tom Merger Sub Inc., of 100 per cent. of the equity interest in CSS pursuant to the Merger Agreement
“Adjusted EBITDA”	non-IFRS measure, defined by Design Group as profit/loss for the period before interest, tax, depreciation, amortisation and adjustments including exceptional items and Long-Term Incentive Plan charges
“Admission”	together, First Admission and Second Admission
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM rules for companies published by London Stock Exchange
“Business Day”	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
“Canaccord”	Canaccord Genuity Limited (registered number 01774003)
“Company” or “Design Group” or the “Group”	IG Design Group plc (registered number 01401155)
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) as published by Euroclear
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“CREST sponsor”	a CREST Participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all-CREST personal members)
“CSS”	CSS Industries, Inc.
“Directors” or “Board”	the directors of the Company whose names appear on page 6 of this Document
“Document”	this circular and notice of General Meeting, which for the avoidance of doubt does not comprise a prospectus (under the Prospectus Regulation Rules) or an admission document (under the AIM Rules)
“Enlarged Group”	the Company and its subsidiaries following completion of the Acquisition

“Enterprise Value”	the equity consideration to be paid by Design Group for CSS plus CSS’ expected average net debt for the financial year ending 31 March 2020, which is estimated to be £21.7 million
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Executive Directors”	being Paul Fineman, Giles Willits and Lance Burn
“Existing Ordinary Shares”	the Ordinary Shares in issue as at 20 January 2020
“First Admission”	admission of the First Tranche Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules which will occur at 8.00 a.m. on or around 24 January 2020
“First Tranche Placing”	the placing of the First Tranche Placing Shares at the Placing Price pursuant to the Placing Agreement
“First Tranche Placing Shares”	the 7,887,347 new Ordinary Shares to be issued by the Company at the Placing Price as part of the Placing pursuant to the existing allotment authority obtained by the Directors at the 2019 Annual General Meeting of the Company
“FCA”	the Financial Conduct Authority of the UK
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company to be held at 1.00 p.m. on 11 February 2020 at No. 7 Water End Barns, Water End, Eversholt, Bedfordshire, MK17 9EA, notice of which is set out at the end of this Document
“London Stock Exchange”	London Stock Exchange plc
“Merger Agreement”	the Agreement and Plan of Merger dated as of 20 January 2020 by and among Design Group, IG Design Group Americas, Inc., a Georgia corporation, Tom Merger Sub Inc., a Delaware corporation and CSS
“NYSE”	the New York Stock Exchange
“Official List”	the Official List of the FCA
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company
“Overseas Shareholders”	Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST Participant
“Placing”	the proposed issue and allotment at the Placing Price of the First Tranche Placing Shares, and the proposed issue and allotment at the Placing Price of the Second Tranche Placing Shares, as described in this Document
“Placing Agreement”	the conditional agreement dated 20 January 2020 and made between Canaccord and the Company in relation to the Placing
“Placing Price”	694.0 pence per Placing Share
“Placing Shares”	the First Tranche Placing Shares and the Second Tranche Placing Shares, being in aggregate 17,291,067 new Ordinary Shares to be issued by the Company pursuant to the Placing
“Prospectus Regulation Rules”	the Prospectus Regulation Rules made in accordance with the Prospectus Regulation Rules Instrument 2019 (FCA: 2019/80)
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the notice of General Meeting at the end of this Document

“RIS”	a regulatory information service as defined by the Listing Rules of the FCA made in accordance with section 73A(2) of FSMA
“Second Admission”	admission of Second Tranche Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules which is expected to occur at 8.00 a.m. on or around 12 February 2020
“Second Tranche Placing”	the Placing of the Second Tranche Placing Shares conditional on, <i>inter alia</i> , the passing of the Resolutions
“Second Tranche Placing Shares”	the 9,403,720 new Ordinary Shares to be issued by the Company at the Placing Price, conditional on, <i>inter alia</i> , the passing of the Resolutions
“Shareholders”	holders of Ordinary Shares
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States“	the United States of America

**PART 1**  
**LETTER FROM THE CHAIRMAN**  
**IG DESIGN GROUP PLC**

*(incorporated and registered in England and Wales under number 01401155)*

*Directors:*

John Charlton (*Non-Executive Chairman*)  
Anders Hedlund (*Founder and Non-Executive Deputy Chairman*)  
Paul Fineman (*Chief Executive Officer*)  
Giles Willits (*Chief Financial Officer*)  
Lance Burn (*Executive Director*)  
Elaine Bond (*Non-Executive Director*)  
Mark Tentori (*Non-Executive Director*)

*Registered Office:*

IG Design Group plc  
No. 7 Water End Barns  
Water End, Eversholt  
Bedfordshire  
MK17 9EA

21 January 2020

*For the attention of Shareholders*

Dear Shareholder

**PROPOSED PLACING OF 9,403,720 NEW ORDINARY SHARES AT 694.0 PENCE PER SHARE AND NOTICE OF GENERAL MEETING**

**1. Introduction**

The Company announced on 20 January 2020 that a newly formed wholly owned subsidiary of IG Design Group Americas, Inc., Tom Merger Sub Inc., had entered into a Merger Agreement to acquire 100 per cent. of the equity interest in CSS, a US based and NYSE listed designer and manufacturer of craft, seasonal and gift products, for a total consideration of approximately £85.6 million (approximately \$110.5 million), including the repayment of CSS' estimated net debt at close of £17.6 million (approximately \$22.7 million), and that it proposed to raise gross proceeds of approximately £54.7 million pursuant to the First Tranche Placing.

The Company proposes to raise a further £65.3 million through the Second Tranche Placing for the reasons set out in paragraph 2 below. The Second Tranche Placing is conditional on the passing of the Resolutions at the General Meeting, notice of which is set out at the end of this Document.

The purpose of this Document is to set out details on the Acquisition, the background to and reasons for the Placing, to give details on the Placing and to recommend that you vote in favour of each of the Resolutions required to be passed to implement the Second Tranche Placing. The Second Tranche Placing is conditional, amongst other things, on the passing of the Resolutions at the General Meeting, and is expected to complete on Second Admission. The notice of General Meeting is set out at the end of this Document. Neither the First Tranche Placing or the Second Tranche Placing, as further described below, are conditional on the Acquisition.

**2. Background to and Reasons for the Placing**

The Company has historically stated that it would seek to create value through both organic growth and well considered acquisitions.

In August 2018, the Company acquired Impact Innovations Inc. ("**Impact**"), a leading supplier of gift packaging and seasonal décor products in the US. This acquisition enabled the Company to significantly increase its scale in the US and become the largest consumer gift packaging business in the world. As well as being earnings accretive, the Directors believe the acquisition of Impact was a success, as demonstrated by the Company's interim results for the

six months ended 30 September 2019 published on 26 November 2019. The Impact acquisition highlights the benefit to the Group both operationally and financially of selective acquisitions.

The Company entered into the Merger Agreement to acquire CSS on 20 January 2020. The Merger Agreement provides that Tom Merger Sub Inc., a wholly owned subsidiary of IG Design Group Americas, Inc., will launch an offer to purchase all of the shares of CSS at a price per share of \$9.40 and, following the consummation of the offer, Tom Merger Sub Inc. will merge into and with CSS by way of a merger under the laws of the State of Delaware, with CSS surviving the merger as the surviving corporation; and thereby, becoming a wholly owned subsidiary of IG Design Group Americas, Inc. The Company has agreed to pay a total consideration for the Acquisition of CSS of approximately £85.6 million (\$110.5 million) in cash, including the repayment of CSS' estimated net debt at close of £17.6 million (\$22.7 million).

CSS is an NYSE listed designer and manufacturer of craft, gift and seasonal products. CSS engages in the creative development, manufacture, procurement, distribution and sale of products with a multi-channel approach focused on mass, specialty and online retailers and distributors. Its core products within each category are as follows:

- Craft – sewing patterns, ribbons, trims, buttons, needle arts and kids' crafts;
- Gift – products designed to celebrate certain life events or special occasions, with a focus on ribbons, bows, bags and wrap, as well as stationery, baby gift items, and party and entertaining products; and
- Seasonal – holiday gift packaging items including ribbons, bows, bags, tags and gift card holders, in addition to specific holiday-themed decorations and activities.

The Directors believe the combination of the Company and CSS has a compelling strategic rationale, bringing together the world's largest gift packaging organisation with a leading craft company.

The Directors believe that the Acquisition is in the best interests of Shareholders for the following reasons, it:

- broadens the Group's product portfolio and provides its customers with a substantially enhanced "one-stop-shop" product and service offering;
- allows Design Group entry into the craft market and accelerates online revenues;
- has established leading brands in SKU intensive categories with new market channels within the non-seasonal, "Everyday" product category;
- provides for tangible operating synergies through the combination of the Group's US business with CSS, including economies of scale, enhanced US manufacturing capacity and combined US distribution network;
- is anticipated to deliver substantial estimated annual synergies of £10.0 million by March 2023;
- is expected to be earnings accretive in each of the next three years, commencing from the first full year of ownership;
- has a strong balance sheet with significant tangible asset value (including freehold property and net operating losses); and
- enables the Group's average leverage post the Acquisition and Placing, for the year ending 31 March 2020, to remain below 1.3 times Adjusted EBITDA.

The Directors intend to fund the Acquisition, repay CSS' net debt and to fund the associated transaction expenses through the Placing. The Company will raise gross proceeds of approximately £54.7 million through the issue of the First Tranche Placing Shares at the Placing Price. The First Tranche Placing utilises in full the general authorities approved by Shareholders to place shares for cash granted to the Directors at the 2019 Company Annual General Meeting. By undertaking the First Tranche Placing, the Company has financing certainty for a significant proportion of the Acquisition consideration.

The remaining gross proceeds of £35.6 million required by the Company to fund the Acquisition, repay CSS' net debt and to fund the associated expenses relating to the Transaction, will be financed by the Second Tranche Placing, as discussed further below. The Resolutions contained in this Document are related to the Second Tranche Placing only.

Neither the First Tranche Placing or the Second Tranche Placing, as further described below, are conditional on the Acquisition. Completion of the Acquisition is conditional on, amongst other things, at least 51 per cent. of the outstanding shares of CSS' common stock being validly tendered, the Merger Agreement not having been terminated and no material adverse effect in respect of CSS having occurred. The Merger Agreement may be terminated and the Acquisition abandoned if, amongst other things:

- (i) the time for acceptance of payment has not occurred by 11:59 p.m. (New York City time) on 4 June 2020 (the "**Termination Date**");
- (ii) if a change in CSS' board recommendation occurs or if CSS enters into a definitive agreement with a third party in respect of a competing and superior proposal (which in both cases CSS will be required to pay to the Company a termination fee of \$3.0 million);
- (iii) if (A) Tom Merger Sub Inc. shall have failed to effect the offer closing by the Termination Date and (B) all of the conditions to the Acquisition, other than receipt by the Company of the financing for the Acquisition, have been satisfied as at the time of expiration of the offer (in which case the Company will be required to pay to CSS a termination fee of \$4.5 million); or
- (iv) if the Resolutions are not passed at the General Meeting and the Company has not confirmed to CSS that it has available cash to pay the consideration within thirty-five business days of such failure to pass (in which case the Company will be required to pay to CSS a termination fee of \$2.25 million).

The Merger Agreement contains customary warranties from CSS relating to corporate authorisation and capacity and capitalisation of CSS, as well as customary business and commercial warranties. The Merger Agreement also regulates the conduct of business of CSS until completion of the Acquisition.

The Merger Agreement is governed by federal law and the laws of the State of Delaware. If a merger objection lawsuit is brought in connection with the Acquisition, it may result in the Company incurring additional costs to defend or settle any suit, regardless of whether or not the relevant suit has any merit.

The Directors anticipate completing the Acquisition during calendar Q1 2020. In the event the Acquisition does not complete, the Directors have a number of alternative acquisition opportunities which would utilise the net proceeds from both the First Tranche Placing and the Second Tranche Placing. The First Tranche Placing and the Second Tranche Placing are not being underwritten by Canaccord.

In considering the size of the Placing, the Directors have given due consideration to the Placing Price and the Company's shareholder commitment to have average net debt over the course of the financial year at less than two times Adjusted EBITDA. It is expected that the Enlarged Group's average leverage, post the Acquisition and Placing, for the year ending 31 March 2020, will be below 1.3 times Adjusted EBITDA. The Directors believe this leverage level is prudent, encourages further investment for future growth and also allows the Company to payout suitable dividends.

The Placing also allows the Company to retain a strong balance sheet with the necessary resources to capitalise on other acquisition opportunities that may arise in line with the Group's acquisition strategy. The Directors would aim to undertake future acquisitions which are expected to be earnings enhancing, adding further scale and product lines to the Company's existing operations, providing tangible operating synergies and being advantageous compared to organic growth alternatives.

### **3. The Second Tranche Placing**

The Company proposes to raise gross proceeds of approximately £65.3 million through the issue of the Second Tranche Placing Shares at the Placing Price. The Second Tranche Placing is not underwritten by Canaccord.

As set out above, the Company's existing share authorities, which allow it to issue shares on a non pre-emptive basis, were sufficient for the First Tranche Placing, but are insufficient to allow the Second Tranche Placing to proceed. Therefore, the Second Tranche Placing is conditional on the passing of the Resolutions contained in the notice of General Meeting at the end of this Document.

If the Resolutions are not passed at the General Meeting, the Second Tranche Placing Shares will not be issued and the proceeds of the Second Tranche Placing will not be available to the Company. In the event the Second Tranche Placing does not proceed, the Directors intend to source further debt financing in order to fully finance the Acquisition and the Company's associated expenses.

The Placing Price of 694.0 pence per Second Tranche Placing Share represents a discount of 0.3 per cent. to the closing share price of the Company on 17 January 2020, being the latest practicable business day prior to the announcement of the Acquisition.

The Second Tranche Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Second Admission.

Application will be made to the London Stock Exchange for the Second Tranche Placing Shares to be admitted to trading on AIM. Subject to the passing of the Resolutions, it is expected that Second Admission will take place and that trading will commence at 8.00 a.m. on or around 12 February 2020.

### **4. Details of the Placing Agreement**

Pursuant to the terms of the Placing Agreement, Canaccord, as agent for the Company, conditionally agrees to use its reasonable endeavours to place the Placing Shares on a non-underwritten basis at the Placing Price.

The Placing Agreement contains customary warranties and an indemnity from the Company in favour of Canaccord, together with provisions which enable Canaccord to terminate the Placing in certain circumstances prior to Admission, including, *inter alia*, (i) where any warranties are found to be untrue or inaccurate in any material respect or misleading and (ii) in the event of a material adverse change or any development reasonably likely to involve a material adverse change in the financial position or prospects of the Company or the Company's group which would have a material adverse impact on the Placing.

The Second Tranche Placing is conditional, *inter alia*, upon:

- (a) Shareholder approval of the Resolutions at the General Meeting; and
- (b) Second Admission becoming effective not later than 8.00 a.m. on 12 February 2020 or such later time and/or date as the Company and Canaccord may agree, being not later than 28 February 2020.

The Placing Agreement provides, *inter alia*, for payment by the Company to Canaccord of commissions based on the number of Placing Shares placed by Canaccord multiplied by the Placing Price, payable on each of the First Tranche Placing Shares and Second Tranche Placing Shares being admitted to trading on AIM.

The Company will bear all other expenses of, and incidental to, the Placing and the Acquisition including the fees of the London Stock Exchange, printing costs, registrar's fees, and all legal and accounting fees of the Company.

### **5. Change in Financial Reporting Currency**

The Company also announced on 20 January 2020 that it intends to change the presentation currency of the Enlarged Group from pound sterling to US dollars, effective 1 April 2020, should the Acquisition complete.

Following the Acquisition, a significant majority of the Enlarged Group's earnings will be denominated in US dollars. The Board believes that this change in presentation currency will give investors and other stakeholders a clearer understanding of the Design Group's financial performance over time. In addition, the change will reduce the potential volatility of the Enlarged Group's earnings due to foreign exchange movements, in relation to the translation of foreign currency balances.

## 6. Financial Summary of the Group and CSS

For the year ended 31 March 2019, Design Group reported Group revenue of £448.4 million, with an Adjusted EBITDA of £38.7 million, adjusted profit before tax of £30.3 million and total gross assets of £261.7 million. During the same period, CSS reported net sales of \$382.3 million, adjusted EBITDA of \$17.0 million<sup>1</sup>, loss before tax of \$45.4 million and gross assets of \$285.6 million.

The Enlarged Group's *pro forma* revenue for the year ending 31 March 2020 is expected to be approximately £770.3 million. This is based on Canaccord's published analyst forecasts (forecasts published on 26 November 2019) for Design Group to achieve revenue of approximately £499.8 million, plus using the mid-range CSS' guidance to generate approximately \$349.0 million in net sales (approximately £270.5 million) for the same period, as stated within CSS' Q2 fiscal 2020 results dated 14 November 2019.

The Enlarged Group's *pro forma* Adjusted EBITDA for the year ending 31 March 2020 is expected to be approximately £79.1 million (before synergies). This is based on Canaccord's published analyst forecasts (forecasts published on 26 November 2019) for Design Group to achieve Adjusted EBITDA of approximately £53.4 million, plus using the mid-range of CSS' adjusted EBITDA guidance of approximately \$33.1 million (approximately £25.7 million), after adjusting for estimated share based compensation of approximately \$1.1 million and a potential IFRS 16 adjustment of approximately \$10.0 million.

All figures have been translated using £1:\$1.29.

## 7. Current Trading

### *Design Group*

Since the Company's published trading update on 26 November 2019, Design Group has traded positively throughout the Christmas period and as a result, the Group remains on course to deliver full year performance in line with expectations. The management team of Design Group confirms the business continues to be well positioned to exploit opportunities for further growth in 2021.

### *CSS*

On 14 November 2019, CSS announced their Q2 fiscal 2020 results, which confirmed its outlook for net sales to be between \$346.0 million to \$352.0 million and an adjusted EBITDA range of between \$22.1 million to \$24.1 million<sup>2</sup> for the full year to 31 March 2020.

Based on due diligence by Design Group on the current trading of CSS, Design Group believe CSS is trading in line with the guidance figures announced by CSS on 14 November 2019.

## 8. Proposed new incentive scheme

The Company proposes to introduce a new long-term incentive plan alongside the Acquisition. The new scheme will seek to create an incentive that is directly aligned with any increase in shareholder value above the Placing Price and is planned to strongly incentivise management and eligible employees at all levels to further develop the Company's growth and profitability to the benefit of all stakeholders.

The Group's Remuneration Committee intends to consult with key shareholders before the new long-term incentive plan is formally approved.

<sup>1</sup> After an add back for share based compensation in the period of approximately \$2.0 million

<sup>2</sup> CSS published adjusted EBITDA guidance of \$21 million to \$23 million adjusted to give effect to an add back for estimated share based compensation in period of approximately \$1.1 million

## **9. General Meeting**

You will find set out at the end of this Document a notice convening the General Meeting to be held at IG Design Group plc, 7 Water End Barns, Eversholt, Bedfordshire, MK17 9EA, United Kingdom at 1.00 p.m. on 11 February 2020 at which the Resolutions will be proposed.

## **10. Resolutions**

The Resolutions are proposed in the notice of General Meeting as set out at the end of this Document. They are proposed as an ordinary resolution and a special resolution.

The Directors do not currently have sufficient authorities in place to undertake the Second Tranche Placing. Therefore, the Directors are seeking: (i) authority to allot up to 9,403,720 new Ordinary Shares in order to complete the Second Tranche Placing; and (ii) a specific disapplication of the statutory pre-emption rights to allot the Second Tranche Placing Shares, to allow the Second Tranche Placing to proceed.

## **11. Action to be taken in respect of the General Meeting**

Shareholders will find instructions for appointing a proxy in the notes to the Notice of General Meeting. To be valid, a proxy appointment must be received by not later than 1.00 p.m. on 9 February 2020. Appointment of a proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Shareholders are reminded that the Second Tranche Placing is conditional, *inter alia*, on the passing of the Resolutions to be proposed at the General Meeting. Should the Resolutions not be passed, the Second Tranche Placing will not proceed.

## **12. Additional information**

Your attention is drawn to the risk factors set out in Part 2 of this Document. Shareholders are advised to read the whole of this Document and not rely solely on the summary information presented in this letter.

## **13. Recommendation**

The Board believes that the Acquisition and Placing is in the best interests of the Company and its shareholders.

The Board recommends Shareholders to vote in favour of the Resolutions to be put to the General Meeting, as they have undertaken to do in respect of their beneficial shareholdings amounting to 24,748,679 or 31.3 per cent. of the Existing Ordinary Shares.

Yours faithfully

John Charlton  
*Non-Executive Chairman*

## PART 2

### RISK FACTORS

*Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment or voting decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.*

*The following risk factors are all those known by the Directors which are considered to be material in their opinion. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business, financial condition and results of operations.*

*An investment in the Company may not be suitable for all recipients of this Document. Shareholders are advised to consult an independent financial adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.*

*It should be noted that the Company is relying on an exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of FSMA (as amended) resulting in this Document not being considered to be a prospectus. Consequently, this Document does not include all information that an investor would receive if it were a prospectus.*

*References to the Company are also deemed to include, where appropriate, each member of the Group.*

#### **Risks relating to the Acquisition**

##### ***Completion of the Acquisition***

Completion of the Acquisition is subject to the satisfaction or waiver of a number of conditions set out in the Merger Agreement, including, amongst other things, at least 51 per cent. of the outstanding shares of CSS common stock being validly tendered, the Merger Agreement not having been terminated and no material adverse effect in respect of CSS having occurred. There can be no assurances that these conditions will be satisfied or waived and therefore that the Acquisition will complete.

The Company has incurred costs in connection with the Acquisition which it will have to pay whether or not the Acquisition proceeds. Depending on the reasons for the Acquisition not proceeding, the Company may also be required to pay a termination fee to CSS, as described in section 2 of the Letter from the Chairman of IG Design Group plc. In addition, the Group may not be able to identify and acquire alternative suitable targets for expansion of its business.

##### ***Structure of the Acquisition and Litigation***

The Merger Agreement contains customary warranties from CSS relating to corporate authorisation and capacity and capitalisation of CSS, as well as customary business and commercial warranties. The Merger Agreement also regulates the conduct of business of CSS until completion of the Acquisition.

The Acquisition is structured as a merger under the laws of the State of Delaware, and as such the Company is exposed to the risk of merger objection lawsuits. If a merger objection lawsuit is brought in connection with the Acquisition, it may result in the Company incurring additional costs to defend or settle any suit, regardless of whether or not the relevant suit has any merit.

##### ***Performance of the CSS business***

CSS may not perform in line with the Directors' expectations. If the results and cash flows generated by CSS are not in line with the Directors' and the Company's expectations, it may materially impact on the financial performance of the Enlarged Group, and a write-down may be required against the carrying value of the Company's investment in CSS, which might have an adverse effect on the Enlarged Group's financial position and operating results.

Following completion of the Acquisition, it may be necessary for the Company to make changes to the structure of the Enlarged Group's business in order to optimise the potential benefits available from the integration of CSS. The Enlarged Group may face unforeseen difficulties both with the integration of CSS and as structural changes are carried out. Furthermore, issues may come to light during the course of integrating CSS into the Enlarged Group that could have an adverse effect on the financial condition and results of operations of the Enlarged Group. These issues may also cause the forecasted synergy benefits of combining both the Company and CSS to not materialise. The Acquisition will place additional demands on the management of the Enlarged Group and may require the provision of supplemental resource. The process of integrating the businesses could be complex and may potentially lead to the interruption of the operation of the businesses which could have an adverse effect on the business, financial condition and results of operations of the Enlarged Group.

The Board has undertaken substantial due diligence to aid its understanding of the historic and recent trading performance of CSS and certain other legal, HR, tax and IT risks associated with the Acquisition. Whilst this due diligence aims to provide the Board with the requisite comfort that CSS is adequately positioned when it joins the Group, there can be no assurances that the Enlarged Group will meet the Board's expectations following completion of the Acquisition.

***The Second Tranche Placing is conditional upon the passing of the Resolutions. If the Resolutions are not passed, the Company will fund the Acquisition through debt financing, increasing the Company's indebtedness***

The Second Tranche Placing is conditional upon the passing of the Resolutions. In the instance that the Resolutions are not passed, the Company will fund the Acquisition through debt financing. Failure to arrange suitable debt financing or enter into debt financing arrangements on favourable terms or failure to meet the repayment or comply with the covenants of any financing arrangements may have an adverse effect on the business, financial condition, results of operations and future prospects of the Enlarged Group.

***The protections provided to the Company by CSS in the Merger Agreement are limited***

The liability of CSS under the Merger Agreement is limited in time and amount. Accordingly, the Company may not have recourse against, or otherwise be able to recover from, CSS under the Merger Agreement in respect of material losses which it may suffer in respect of a breach of warranty or otherwise in respect of liabilities of CSS under the Merger Agreement.

**Risks relating to the Enlarged Group**

***Economic conditions***

Any economic cycle either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products and may lead to an overall decline in the volume of the Enlarged Group's sales, restricting the ability of the Enlarged Group to make a profit. If economic conditions remain uncertain, this may have an adverse impact on the Enlarged Group's operations and business results.

In addition to the impact of the natural cycle of the world's economies, the Enlarged Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption in the UK and the other countries in which the Enlarged Group operates will also have an impact on business costs, commodity prices and stock valuations. The Enlarged Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Enlarged Group.

***The departure of some or all of the Executive Directors and other key personnel may significantly affect prospects***

The Company depends on the diligence, skill, judgement and business contacts of its Executive Directors and other key personnel and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continued service of the existing individuals and its ability to strategically recruit, retain and motivate new talented personnel. In the event of the departure of one of the Executive Directors or other key personnel,

there is no guarantee that the Company would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Group.

#### ***Damage to the Group's reputation***

The Board believe that the reputation of the Enlarged Group as a trusted supplier that can be relied upon to ethically source safe, high quality products plays an important role in the success of the Enlarged Group. Although the Enlarged Group maintains a rigorous supplier audit and product testing regime to maintain its reputation and seeks to ensure that the Company's values are shared by its suppliers, such measures may not be effective to prevent third party suppliers failing to meet required ethical and product standards. Any incident that negatively affects customer loyalty towards the Enlarged Group could materially adversely affect the Enlarged Group's business, revenue and financial condition.

#### ***Currency and foreign exchange***

A majority of the Enlarged Group's revenue and costs are denominated in foreign currency and the Enlarged Group is, therefore, exposed to transactional risk whereby adverse exchange rate movements could cause its revenues to reduce or costs to increase and could result in reduced profitability. The Enlarged Group, where deemed relevant, takes steps to mitigate this risk by putting in place hedging arrangements to reduce exposure to currency risk, however, there can be no assurance that these will be effective in reducing the effect of fluctuations in foreign currency exchange rates on its results of operations.

The Enlarged Group also present their consolidated financial statements in pounds sterling which exposes the Group to translational risk. The Group intends to change its presentation currency to US dollars from 1 April 2020, given the majority of operations are now denominated in US dollars. However, translation of non-US based businesses are still exposed to currency fluctuations.

#### ***Overseas operations***

The Enlarged Group has overseas operations in various jurisdictions, including in China (including Hong Kong), Australia, Europe, the US, India and Mexico. These jurisdictions have different regulatory, fiscal and legal environments that could change in the future and could impact how the Group conducts its business in these countries. If the Enlarged Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government enforcement action and/or fines. Such risks, if realised, could have a material adverse effect on the Enlarged Group's profits and financial condition.

#### ***Significant interruption in the operations of the Enlarged Group's manufacturing operations***

The Enlarged Group's manufacturing sites produce its product. Any significant interruption in the operation of the Enlarged Group's manufacturing, such as disruptions in operations due to fire or other catastrophic events, workforce disputes or shipping problems, could reduce the Enlarged Group's ability to provide products to its customers. This could result in lost sales, cancelled sales and a loss of customer loyalty. While the Enlarged Group maintains business interruption and property insurance, in the event that the Group's manufacturing sites were to be shut down for any reason, or if there were a disruption at the Enlarged Group's manufacturing sites resulting in a delay in shipment of products to the Enlarged Group's customers, the Enlarged Group's insurance may not be sufficient to compensate the Enlarged Group for all damage suffered. Any of the foregoing factors could have a material adverse effect on the Enlarged Group's financial condition, business, prospects and results of operations.

#### ***Failure of the physical infrastructure or services of the Enlarged Group***

The operation of the Enlarged Group's business depends on providing customers with products which rely upon the Enlarged Group's infrastructure and equipment. Consequently, the Enlarged Group must protect its infrastructure and equipment located at the Enlarged Group's premises. If the Enlarged Group fails to meet its customers' requirements or to protect the infrastructure or equipment owned by the Company, it may lose customers and/or may become liable to them for damages. The quality of product provided by the Enlarged Group in the event of an interruption due to equipment damage in the Enlarged Group's facilities may result in the termination of a customer contract with the Enlarged Group and/or financial penalties. In addition, the Enlarged Group's inability to meet levels of product commitments may damage its reputation and could reduce the

confidence of the Enlarged Group's customers in its products, impairing both its ability to retain existing customers and to attract new customers.

### ***Future acquisition risk***

The Company may seek potential acquisition targets in the future in order to expand the Enlarged Group. In identifying potential acquisition targets, the Company would conduct appropriate due diligence, but due diligence may not succeed in identifying all material issues in connection with those acquisitions and those acquisitions would necessarily leave the Enlarged Group exposed, at least to some degree, to any operational failings of CSS.

In addition, merger and acquisition activity, including the difficulties involved in integrating companies, businesses or assets, may divert financial and management resources from the Enlarged Group's core operations.

### ***International expansion***

The continued growth of the Enlarged Group internationally brings associated risks and different jurisdictional and legal frameworks. Furthermore, the financial performance of the Enlarged Group's international operations may be dependent on payments from, and supplies to, the Company. The ability of the Enlarged Group's international operations to make and receive these payments to and from the Company may become constrained by the taxation regime, including tax treaties and withholding tax, movement of free trade and labour, exchange rates and the introduction of exchange controls or repatriation restrictions.

### ***US tariffs***

Trade-related actions taken by the US and China have resulted in substantial regulatory uncertainty regarding international trade and trade policy. For example, over the last 18 months, the US government has announced various tariffs on goods imported from certain trade partners, in particular China, which have resulted in additional cost on products sourced by the Enlarged Group for US customers. There is no certainty as to whether these tariffs will continue, increase or decrease in the future and as such could have a material adverse effect on the Enlarged Group's financial condition, business and results of operations.

### ***United Kingdom's exit from the European Union***

The determination by the United Kingdom to exit the European Union pursuant to Article 50 of the Treaty of Lisbon ("**Brexit**") means the United Kingdom could leave the European Union no later than 31 January 2020. The extent of the impact of Brexit on the Enlarged Group is assessed as low but this will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the Company's business is unknown. As such, it is not possible to state the impact that Brexit would have on the Company.

## **Risks relating to the Ordinary Shares**

### ***Determination of Placing Price***

Placees have committed to subscribe for or purchase the Placing Shares at the Placing Price, which is a fixed price, prior to satisfaction of all conditions in relation to Admission. The Placing Price may not accurately reflect the trading value of the Ordinary Shares, the Company's potential earnings or any other recognised criteria of value.

### ***Suitability***

An investment in Ordinary Shares may not be suitable for all recipients of this Document, and is only appropriate for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment, and who have sufficient resources to sustain a total loss of their investment. An investment in Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets, and should only constitute part of a diversified investment portfolio. Potential investors should consider carefully whether investment in the Placing Shares is suitable for them both in light of the information in this Document and their personal circumstances. Before making any final decision, potential investors in any doubt should

consult with an investment adviser authorised under FSMA who specialises in advising on investments of this nature.

### ***Volatility in price of Ordinary Shares***

The Placing Price may not be indicative of the market price for the Placing Shares following Admission. The market price of the Placing Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the sector or equities generally, any regulatory changes affecting the Enlarged Group's operations, variations in the Enlarged Group's operating results and/or business developments of the Enlarged Group and/or its competitors, the operating and share price performance of other companies in the industries and markets in which the Enlarged Group operates, news reports relating to trends in the Enlarged Group's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally.

### ***Liquidity of the Ordinary Shares and AIM generally***

An investment in the Ordinary Shares is highly speculative and subject to a high degree of risk. Application will be made for the Placing Shares to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Neither the London Stock Exchange nor the FCA have examined this Document for the purposes of Admission or otherwise. An investment in the Ordinary Shares may be difficult to realise and the price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Enlarged Group and its operations, and some which may affect quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. The market for shares in smaller public companies, such as the Company, is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment. The Company is unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market following Admission. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares.

### **General Risks**

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

## PART 3

### NOTICE OF GENERAL MEETING

## IG DESIGN GROUP PLC

*(incorporated and registered in England and Wales under number 01401155)*

**NOTICE IS HEREBY GIVEN THAT** a General Meeting of IG Design Group plc will be held at 1:00 p.m. at No. 7 Water End Barns, Water End, Eversholt, Bedfordshire, MK17 9EA on 11 February 2020 to consider and, if thought fit, pass the following Resolutions.

#### ORDINARY RESOLUTION

1. That, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “**CA 2006**”) to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the CA 2006) in the Company and to grant rights to subscribe for or to convert any security into ordinary shares in the Company up to an aggregate nominal amount of £470,186.0 in connection with the proposed Second Tranche Placing (as detailed in the circular to shareholders of the Company dated 21 January 2020 (the “**Circular**”)).

This authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) 6 months after the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot ordinary shares and grant rights to subscribe or convert securities into ordinary shares in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

This authority is granted in addition to all existing authorities conferred on the Directors pursuant to Section 551 of the CA 2006 and, for the avoidance of doubt, without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities including the First Tranche Placing as detailed in the Circular.

#### SPECIAL RESOLUTION

2. That, subject to the passing of Resolution 1, the Directors be and are hereby empowered pursuant to Section 570 and Section 573 of the CA 2006 to allot equity securities (within the meaning of Section 560 of the CA 2006) for cash either pursuant to the general authority conferred on them by Resolution 1 and/or by way of sale of treasury shares (as defined in Section 724 of the CA 2006) for cash as if Section 561 of the CA 2006 did not apply to any such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares in connection with or pursuant to the proposed Second Tranche Placing as detailed in the Circular.

This authority shall expire (unless previously revoked or renewed by the Company in general meeting) at such time as the general authority conferred on the Directors by Resolution 1 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

This authority is granted in addition to all existing authorities conferred on the Directors pursuant to Section 570 and Section 573 of the CA 2006 and, for the avoidance of doubt, without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities including the First Tranche Placing as detailed in the Circular.

By Order of the Board

Joy Laws  
*Company Secretary*

21 January 2020  
IG Design Group plc

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*Notes:*

1. A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint another person of his/her choice as that Shareholder's proxy to exercise all or any of that Shareholder's rights to attend and to speak and vote at the meeting on his/her behalf. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy does not need to be a shareholder of the Company.
2. A proxy may be appointed:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions. If not already registered for the Share Portal, you will need your Investor Code;
  - by requesting a hard copy form of proxy directly from the registrars, Link Asset Services, on tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00 a.m. to 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. The form of proxy should be signed and returned, together with the power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's Registrar at Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, in each case so that it is received no later than 1.00 p.m. on 9 February 2020 (being 48 hours prior to the time allocated for the start of the General Meeting).
3. Appointment of a proxy will not prevent a Shareholder from attending and voting in person at the meeting.
4. Addresses (including electronic addresses) in this Document are included strictly for the purposes specified and not for any other purpose.
5. Only those members entered on the register of members of the Company at close of business on 9 February 2020 or, in the event that this meeting is adjourned, in the register of members as at close of business on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 9 February 2020 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 1.00 p.m. at No. 7 Water End Barns, Water End, Eversholt, Bedfordshire, MK17 9EA on 11 February 2020 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, (ID RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy appointment and a proxy appointment which states the number of shares to which it applies, the specific proxy appointment shall be counted first, regardless of whether it was sent or received before or after the blank proxy appointment, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy appointment. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Link Asset Services, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.