26 January 2022

IG Design Group plc
(**"Design Group"**, the **"Company"** or the **"Group"**)

Trading Update

IG Design Group plc, one of the world's leading designers, innovators and manufacturers of celebrations, craft, gifting, stationery and creative play products, today issues a trading update for the nine months ended 31 December 2021.

The Group has continued to deliver good revenue growth in the nine-month period to 31 December 2021 with revenue at $828 million, up 12% like-for-like on the prior year. The Group's focus on delivering high customer service standards in the run up to Christmas, despite the challenging macroeconomic supply chain issues, has helped its customers achieve strong sell through of their seasonal product ranges and underpins the Company's continued long term relationships with them.

Nevertheless, the Group experienced further supply chain delays and headwinds which resulted in a significant volume of seasonal orders being processed and shipped in a shorter time window than previously envisaged, thereby incurring fulfilment related cost premiums. During the same period craft sales in the US fell below the higher prior year Covid-19 levels, a trend that is now forecast to continue into the final quarter of the financial year.

As a result, and despite the International business performing in line with expectations, the US division has incurred significant supply chain costs, specifically in relation to freight, labour and raw materials, which alongside the lower craft revenues has resulted in Group adjusted operating margins in the nine-month period of 4%, down 460 bps year on year.

This year to date performance, together with the expectation of the continuation of the cost headwinds and lower craft sales in the final quarter, means the Group now expects its full year FY22 adjusted operating profit to reduce to a breakeven position, resulting in full year earnings significantly below current market expectations.

Based on this updated guidance there will be no final dividend payment in relation to the current year, however, beyond FY22 the Group plans to continue paying dividends in line with its existing policy.

It is expected that these external challenges will continue into FY23 bringing heightened uncertainty and it therefore remains too early to give firm guidance on FY23 financial performance. Consumer demand remains strong and discussions with customers and suppliers to mitigate the headwinds are progressing. The Board will provide a further update to the markets in April 2022 as part of the year end trading update.

In addition to ongoing commercial and operational initiatives to mitigate margin and supply chain challenges, the Board has taken the decision to review the priorities and plans in the US to ensure the business is adopting the best route moving forward. While the Board believes the Group's overall strategy remains correct, the review will ensure the business is best placed to return the Group to the financial performance expected. The Board will provide further updates to the market in due course.

As at 31 December 2021 the Group was in a net cash position reflecting normal working capital reduction following the seasonal peak. Further to the guidance provided above, the current expected year end net cash position is forecast to be around $40 million.

The Board is making good progress with the replacement CFO search process and can also announce that Giles Willits has signalled his intention to extend his notice period with the business, given the unprecedented macroeconomic challenges.

Paul Fineman, Group CEO, commented:

"To say that I and the whole Board are disappointed with our financial performance over FY22 to date is a huge understatement. Without any end to the supply and cost challenges in sight we cannot simply wait for these external challenges to improve. We have therefore instigated a review of our US operations, analysing our cost base and identifying improvements that can be made quickly. We remain confident in our long term strategy but with the current challenges unlikely to ease in the short term we plan to undertake this review to ensure it remains appropriate. We will update on progress over the next few months."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014) which is part of UK law by virtue of the European Union (withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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About IG Design Group plc

IG Design Group plc, the largest consumer gift packaging business in the world, is a designer, innovator and manufacturer of products that help people celebrate life's special occasions. Design Group works with more than 11,000 customers in over 80 countries throughout the UK, Europe, Australia and the USA.

Its products are found in over 210,000 retail outlets, including several of the world's biggest retailers, for example Walmart, Target, Amazon, Costco, Lidl and Aldi. Its brand, Tom Smith, also holds the Royal Warrant for the supply of Christmas crackers and Christmas wrapping paper to the Royal family. Design Group is a diverse business operating across multiple regions, categories, seasons and brands.

Its five major product categories are: Celebrations, Gifting, Craft & creative play, Stationery and 'Not-for-resale' consumables. It offers customers a full end-to-end service from design through to distribution, offering both branded and bespoke products from the value-focused through to the higher-margin ends of the market.

The Company was admitted to the Alternative Investment Market of the London Stock Exchange in 1995 under the name 'International Greetings plc' and rebranded to IG Design Group plc in 2016. For further information please visit www.thedesigngroup.com.