



IG Design Group plc (the “**Company**”)
Howard House
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Dear Shareholder

Explanatory Circular

1) Introduction

I am writing to you in connection with the proposals recommended by the board of directors (the “**Board**”). Specifically, it is proposed to:

- release a portion of the Company’s merger reserve (in the amount of £14,898,745.34) together with £1,627,000 of retained but undistributable earnings (a credit for a share-based payment) by issuing and then cancelling new deferred shares in the capital of the Company (the “**Deferred 2026 Shares**”);
- cancel the Company’s share premium account (which currently stands at £172,382,753.97); and
- cancel the Company’s capital redemption reserve (which currently stands at £1,340,775),

together, the “**Capital Reduction**”.

The purpose of this circular is to (i) explain the background and reasons for the Capital Reduction, (ii) explain why the Board unanimously considers the Capital Reduction to be in the best interests of the Company and the shareholders as a whole and (iii) recommend that you vote in favour of the resolutions (the “**Resolutions**”) to be proposed at the extraordinary general meeting to be held at Howard House Howard Way, Interchange Park, Newport Pagnell, England, MK16 9PX on 4 February 2026 at 11am (the “**EGM**”).

2) Background to and reasons for the Capital Reduction

Following the sale of DG Americas, the Company currently has insufficient distributable reserves to be able to pay a dividend to its shareholders. The proposed Capital Reductions would allow the Company to create additional distributable reserves and allow the Company to make future shareholder distributions.

Under the Companies Act 2006 (the “**Companies Act**”), a company may, with a special resolution passed by its shareholders and confirmation of the High Court of Justice in England and Wales (the “**Court**”), reduce or cancel various statutory reserves, including share capital, a share premium account and any capital redemption reserve. Where a company reduces or cancels a capital reserve, the default position is that the process of the reduction or cancellation constitute a realised profit in the hands of the Company and augment its distributable reserves (from which a company is able to finance dividends).

3) The Capital Reduction

As at 31 March 2025, the Company has a total merger reserve account standing to the credit of £32,399,420.91. The Company intends to release the proportion of the merger reserve totalling £14,898,745.34 relating to the UK and Dutch subsidiaries, £1,627,000 credit rising from for share based payment in retained earnings, and cancels its share premium account and capital redemption reserve. In aggregate, it is anticipated that this will generate £190,249,274.31 of distributable reserves, which will be partially offset against existing retained losses.

The Board has undertaken a thorough and extensive review of the Company’s liabilities (including contingent liabilities) and considers that the Company will be able to satisfy the Court that there is no real likelihood that any creditor of the Company would be prejudiced by the Capital Reduction.

It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on 11 February 2026, with the final Court hearing taking place on 3 March 2026 and the Capital Reduction becoming effective in the following days, following the necessary registration of the Court order at Companies House.

3) The Capital Reduction continued

There will be no change in the number of ordinary shares in issue being £0.05 each in the capital of the Company (the “**Ordinary Shares**”) (or their nominal value) following the implementation of the Capital Reduction and no new share certificates will be issued as a result of the Capital Reduction or the issue of the Deferred 2026 Shares. The Capital Reduction itself will not involve any distribution or repayment of capital, share premium or capital redemption reserve by the Company and will not reduce the underlying net assets of the Company.

Shareholders should note that if, for any reason, the Court declines to approve the Capital Reduction, the Capital Reduction will not take place. The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the shareholders as a whole.

The merger reserve cannot be reduced directly in a reduction of capital (as a result of the technical requirements of the Companies Act). Therefore, in order to release the merger reserve into distributable reserves, it is necessary first to convert such reserve together with retained earnings into share capital by issuing new deferred shares being the Deferred 2026 Shares (the “**Capitalisation**”) and then cancelling those shares as part of the Capital Reduction.

In advance of the Capitalisation the Company proposes to adopt new articles of association which incorporates the rights attached to the Deferred 2026 Shares.

The Deferred 2026 Shares will be allotted and issued to the existing shareholders of the Company who will hold the Deferred 2026 Shares on behalf of such shareholders. The Deferred 2026 Shares are only intended to be in issue for a short period pending their cancellation, which is expected to be confirmed by the Court shortly after they are issued. The Deferred 2026 Shares will have extremely limited rights. In particular, the Deferred 2026 Shares will carry no rights to vote, no rights to participate in the profits of the Company and no rights to participate in the Company’s assets, save on a winding-up (and then only after £100,000,000 in capital has been returned on each Ordinary Share in issue). The Deferred 2026 Shares will not be transferable. The Deferred 2026 Shares will have no market value due to their limited rights and the Company expects that the Deferred 2026 Shares will be cancelled shortly after they are issued. The Deferred 2026 Shares will not be admitted to listing or to trading on any market.

4) Extraordinary General Meeting

The Capital Reduction is conditional upon shareholders’ approval being obtained at the EGM. Accordingly, you will find set out at the end of this document a notice convening an EGM to be held at Howard House, Howard Way, Interchange Park, Newport Pagnell, England, MK16 9PX at 11am on 4 February 2026 at which the Resolutions will be proposed to approve the Capitalisation and Capital Reduction.

5) Action to be taken

You can vote electronically at www.signalshares.com. Alternatively, you may request a hard copy form of proxy directly from the registrars, MUFG Corporate Markets, via email on shareholderenquiries@cm.mpms.mufg.com or on tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Whether or not you intend to be present at the General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by the Company’s registrars, MUFG Corporate Markets of PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL, no later than 11am on 2 February 2026. The return of a form of proxy will not prevent you from attending the meeting and voting in person if you wish.

6) Questions

The Company will answer questions relating to the business being dealt with at the meeting, but may choose not to answer if:

- to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or
- the answer has already been given on a website in the form of an answer to a question.

7) Recommendation

The Board considers the Capital Reduction to be in the best interests of the shareholders as a whole and unanimously recommends shareholders to vote in favour of the Resolutions, as the directors intend to do so in respect of their own beneficial holdings of 23,205,225 Ordinary Shares, as at 31 March 2025, being the latest practicable date prior to publication of this circular.

8) Expected timetable of principal events

Publication of the Circular	15 January 2026
Latest time and date for receipt of Forms of Proxy	11am on 2 February 2026
Extraordinary General Meeting	11am on 4 February 2026
Expected date of the first Court hearing for initial directions	in or around 11 February 2026
Allotment of Deferred 2026 Shares Effective time	6pm on the Business Day preceding the Court hearing to confirm the Reduction of Capital
Expected date of the second Court hearing to confirm the Reduction of Capital	in or around 3 March 2026
Effective Date of the Reduction of Capital	in or around 13 March 2026



Stewart Gilliland
Interim Executive Chair