

30 April 2024

IG Design Group Plc
(‘Design Group’ or the ‘Group’)

Trading Update for the 12 months ended 31 March 2024

Significant growth in profit and strong cash flow, ahead of expectations

IG Design Group plc, one of the world's leading designers, innovators and manufacturers across various celebration and creative categories, provides an update on its financial performance for the year ended 31 March 2024.

The Group has continued to make good progress on its turnaround journey of improving operational efficiency and simplifying the business. These initiatives have resulted in significant growth in profit and margin for the year. The Group expects to deliver adjusted profit before tax of \$25.9m (FY23: \$9.2m), which is ahead of market expectations. The Group's adjusted operating profit margin is expected to be c3.8% which is a further recovery of 200 bps on the previous year.

The Group expects to deliver revenue for the year in line with expectations of c\$800 million. This is a 10% reduction year-on-year and is split between the Group's divisions as follows:

- The DG Americas division experienced a decline of c16%. This was mainly in the first half of the year which was down 24% due to lower volume across a number of categories. Pleasingly during the second half of the year, revenue stabilised and was down c1%.
- The DG International division was in line with prior year on a reported currency basis. Softness in the UK and Australia markets was more than offset by continued momentum across continental Europe.

Financial position

The Group closed the year with a net cash balance of \$95 million (FY23: \$50m), a \$45m year-on-year increase which is well ahead of market expectation. The Group was average cash positive for the year despite its traditional seasonal cycle of working capital movements. This improved cash position was driven by increased profitability and continued improvements in working capital management throughout the Group.

Moving forward, the cash position of the Group is expected to continue strengthening due to its financial performance and sale of freehold sites following footprint consolidation in the DG Americas division.

The Group expects to make a provision of c\$5.5m* for potential liabilities relating to pre-acquisition era duties owed in the DG Americas division and is taking legal advice on the matter. Due to the historic nature of this issue, the results for the year ended 31 March 2024 will be adjusted accordingly.

** Subject to further legal review*

Outlook

The financial performance delivered in the year has been ahead of expectations and reflects the Board's aspiration to return to pre-Covid adjusted operating profit margins of 4.5% by 31 March 2025.

The increase in profitability came from both divisions, with the DG Americas division growing 132% (c\$4m) and DG International growing 61% (c\$12m). Whilst the Board expects momentum to continue into the year ahead; more of the profit growth should come from the DG Americas division. Management initiatives to underpin this track in line with expectations.

The Board is pleased with the operational progress and financial performance of the Group. As highlighted in our interim results, there remains caution in consumer shopping behaviour which holds down demand in certain markets and product categories. That said, actions taken over the past two years provide confidence in the delivery of the expectations for the year ahead, with the Group on track to deliver on its margin target for 31 March 2025.

Paul Bal, CEO, commented:

"I am delighted with our progress in improving operational efficiency and simplifying our business. Through our work, we have delivered another year with significant improvement in profit and margin. I thank all of my colleagues for their hard work as we continue on our journey.

Looking ahead, whilst the external environment remains uncertain, we remain confident that our strategy is the right one, and that we will achieve our aspiration to return the Group to pre-Covid-19 adjusted operating profit margins by 31 March 2025."

For further information, please contact:

IG Design Group Plc
Paul Bal, Chief Executive Officer
Rohan Cummings, Chief Financial Officer

Tel: +44 (0)1525 887310

Canaccord Genuity Limited (Nomad and Broker)
Bobbie Hilliam
Alex Orr

Tel: +44 (0)20 7523 8000

Alma Strategic Communications
Rebecca Sanders-Hewett
Sam Medlin

Tel: +44 (0)20 3405 0209
designgroup@almastrategic.com

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