

30 April 2025

IG Design Group plc

(the 'Group')

FY25 Post-Close Trading Update

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 2025 and post year end material developments.

FY25 Group Performance

The Group confirms that sales and profit for the year are expected to be in line with the expectations set out in the trading update issued on 17 January 2025. Group revenue declined by 9% year-on-year, reflecting continued challenges across key markets, the US in particular. The Group expects to report an adjusted profit before tax of c 1 million, which is also in line with those expectations.

DG Americas saw a 12% decline in revenue and was loss making, primarily driven by a very competitive US retail environment. The division is facing into softer consumer demand which has resulted in our customers reducing order volumes. As previously disclosed, this was further compounded by bankruptcies amongst our retail customer base, particularly of the division's 4th largest customer.

DG International reported a slightly higher than expected 3% decline in revenue but nevertheless is expected to deliver profits in line with expectations, albeit 13% lower than the prior year on a reported currency basis. Profitability in this division declined year-on-year due to a combination of prolonged disruption within a major customer's supply chain, weaker demand in some markets and categories, and high freight rates particularly in the first half of the year.

DG Americas

Given the challenges that are impacting DG Americas' performance, following the January trading update, management undertook an end-to-end review of the businesses and categories within the division with the objective of arriving at a more profitable and resilient business model and footprint within the next two years. Unfortunately, that exercise has been largely overtaken by the widely reported recent developments in trade tariffs.

Across the Group c60% of revenue is derived from the US market, with over half of purchases made by DG Americas being sourced from China. The situation is both complex and dynamic given the geographic span of the Group's importing activities and the evolving nature of the tariff regime. However, the Group is beginning to see reductions in customer commitments, and a general reluctance by retailers to accept in full the additional tariff costs. The nature and extent of the impact of tariffs therefore remains difficult to predict. Since the US administration began announcing its new tariff changes, the DG Americas team has been working with customers and suppliers to mitigate the potential impact these could have on the business. Notwithstanding this, tariffs have the potential to have a significant adverse effect on the DG Americas performance going forward.

This has compelled management to widen the range of strategic options it is prepared to consider for DG Americas and accelerate their evaluation. This includes also considering an exit of the division, and an update could be expected before the publication of the full year results of the Group.

DG International

The recent short-term challenges that the division has faced are now largely resolved and the outlook for this division is positive for the coming years. DG International has a strong heritage and benefits from long established relationships with major retailers with well-structured categories and product ranges. There remain opportunities for growth beyond our traditional strength in the thriving discount channel, particularly around expansion into other channels and product categories given the fragmented competitive landscape, especially across Continental Europe.

Financial position

As previously disclosed, given the performance and outlook of DG Americas, the Group expects to recognise a very material write-down of its impaired investment in that business. This will be treated as an adjusting item and is a non-cash adjustment. The future financial performance of the Group, and its outlook, will likely be significantly affected by any strategic decision made by the Board on DG Americas.

The Group closed the year with a net cash balance of 84 million (FY24: 95 million), surpassing market expectations. The 11 million year-on-year decrease in cash was primarily due to working capital outflows, notably within DG International, where shipments delayed due to supply chain issues at a major retailer hampered H2 sales and increased our inventory levels. Despite the typical seasonal working capital fluctuations, the Group maintained a positive average cash position throughout the year.

On 29 April 2025, the Group signed an amendment and extension of its asset-backed-lending agreement which takes the financing arrangement to 5 June 2027.

Stewart Gilliland, Chair, commented:

"Over the past couple of years our work to rebuild DG Americas has been frustrated by a series of external factors including the challenging US retail environment, a number of our customers experiencing bankruptcy and now more recently the evolving tariff situation. However, we believe that the strategic actions being contemplated for DG

Americas will fortify our overall business model. Our businesses beyond the US remain robust, and we are committed to growing them through our established customer relationships and through exploring other investment opportunities to accelerate growth. We believe that strategic action is warranted to maximise shareholder value and enable us to deliver more consistently going forward."

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