The information contained within this announcement (the "Announcement") is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this Announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

IG Design Group plc
(“Design Group”, the “Company” or the “Group”)

Acquisition of Impact Innovations, Inc.
Placing of new Ordinary Shares to raise £50 million
Notice of General Meeting
Trading Update

IG Design Group plc, a leading designer, innovator and manufacturer of celebration, gifting, stationery and creative play products, is pleased to announce that its wholly-owned subsidiary, IG Design Group Americas, Inc. ("IG America") has entered into a conditional agreement to acquire 100 percent of the equity interest in Impact Innovations, Inc. ("Impact Innovations"), a leading supplier of gift packaging and seasonal décor products in the US, for total consideration of £56.5 million on a cash and debt free basis (the “Acquisition”) representing a 4.9x Underlying EBITDA multiple with an additional working capital and other adjustment.

In conjunction with the Acquisition, the Company is pleased to announce a placing with institutional investors to raise up to £50 million before expenses (the “Placing”) through the issuance of up to 9,804,000 new ordinary shares of 5 pence each in the capital of the Company (“Placing Shares”) at 510 pence (“Placing Price”) per Placing Share. The Placing was significantly oversubscribed, with strong support from both new and existing institutional shareholders, and the Placing Price represents a discount of 0.06 percent to the volume weighted average price of 510.3 pence for the five days ended 24 August 2018.

Of the total value of the Placing, approximately £31.9 million shall be used to satisfy the funding requirements in relation to the Acquisition and is not subject to shareholder approval. Accordingly, application has been made for 6,260,000 new ordinary shares of 5 pence each in the capital of the Company (“First Tranche Placing Shares”) to be admitted to trading on AIM, and it is expected that admission will occur at 8.00 a.m. on 29 August 2018. The issuance of the remaining 3,544,000 Placing Shares (“Second Tranche Placing Shares”) is subject to shareholder approval at the General Meeting, and it is expected that admission will occur on 19 September 2018.

Completion of the Acquisition is conditional on the successful admission of the First Tranche Placing Shares and is expected to occur on or around 31 August 2018. The circular in respect of the Second Tranche Placing Shares is expected to be posted to shareholders on 29 August 2018.

Acquisition Highlights
For the year ended 31 December 2017, Impact Innovations recorded Underlying EBITDA* of US$15.0 million on revenues of US$155.9 million and the directors of Design Group (the "Directors") believe that the Acquisition will:

- Create the world’s largest consumer Gift Packaging business;
- Deliver significant earnings accretion in each of the next three financial years;
- Deliver annual synergies in excess of US$5.0 million by year three;
- Enable expansion into the growing and adjacent seasonal décor product category both in North America and in established Design Group markets around the world;
o Adds a complementary yet distinct customer base, and long-term relationships with major blue chip US retailers;
o Establish further scale within the USA to create a world class gift packaging manufacturing capability, leveraging established Group know-how; and
o Deliver enhanced “one stop shop” product and service solutions for customers.

*earnings before interest, tax, depreciation, amortisation, excluding costs relating to Impact Innovations’ historical employee stock ownership plan and other one-off costs.

It is expected that the enlarged Group’s average leverage post the Acquisition and the Placing for the year ended 31 March 2019 will be 1.3x Underlying EBITDA.

Trading Update FY19
Design Group is also pleased to confirm that trading in the current financial year to date has been strong and that the Group’s full year financial forecast remains in line with management expectations.

Paul Fineman, Chief Executive Officer of Design Group, commented:
“The combination of Impact Innovations with Design Group not only doubles the scale of our business in the Americas, it further enhances the overall performance and growth potential of our whole Group whilst continuing to illustrate our delivery of the Group’s stated strategy.

“We are delighted to be acquiring a business that has a strong track record of consistent robust financial performance and cash generation through providing great product and category management expertise to its customers. As a combined Group, we have a significant opportunity to capitalise on our now enlarged scale and breadth of offering to our customer base of many of the world’s largest and most successful retailers.

“Together, we will enhance our scope for future development, both organically and through carefully considered acquisitions, building on the strong foundations that have been laid and taking Design Group to its next exciting level of growth.”

John Dammermann, Chief Executive Officer of Impact Innovations, commented:
“I, along with our team at Impact Innovations am very excited to be joining Design Group, a business with an impressive track record and great momentum. Together we have even greater opportunity for future growth and I look forward to continuing to play a key role in delivering ongoing success within the Americas and throughout the overall Group.”

Management will be hosting an analyst call at 08:30 this morning. To register please contact designgroup@almapr.co.uk. A video overview from CEO Paul Fineman is available to watch here: https://drive.google.com/open?id=1uTv7Zd-xWQkc1zWfX8_yCie-7ik4uoN0
Background to and strategic rationale for the Acquisition

The Company has stated previously that it would seek to create value through both organic growth and well considered acquisitions. The Directors have for some time been aware of Impact Innovations and are now delighted to announce that the Group has secured the Acquisition, which they believe presents significant opportunities for the Group. In particular, the Directors believe that the Acquisition will create the world’s largest consumer gift packaging business, which will allow the Group to:

- Expand into the growing seasonal décor product category;
- Establish scale within the USA as well as leading capability in gift packaging manufacturing by leveraging the Group’s know-how;
- Deliver enhanced “one stop shop” product and service solutions for customers;
- Leverage Impact Innovations’ and Design Group’s existing customer relationships to target cross-selling opportunities in the longer term;
- Achieve estimated annual synergies in excess of US$5.0 million by the third year of ownership;
- Deliver significant earnings accretion in each of the next three years.

It is estimated that the combined business will account for approximately 22 percent of the overall consumer gift packaging market in the USA and Canada and have the ability to build its share further in the growing seasonal fabric and décor market.

About Impact Innovations

Founded in 1968 and employing more than 250 staff globally, Impact Innovations is a designer, manufacturer and distributor of seasonal and special occasions products specialising in paper, fabric and décor. The Company is headquartered in Clara City, Minnesota, where its fabric and décor business is located, and its gift wrap manufacturing, warehousing and distribution facilities are located in Memphis, Tennessee. Impact Innovations has additional manufacturing operations in Shaoxing, China and offices in Hong Kong.

Impact Innovations has long-term relationships with major US retailers, including Walmart, Shopko, Target, Kroger, and Meijer all of which have been in place for in excess of 20 years. In particular, the Directors have been impressed by the strength and depth of the relationship that Impact Innovations has with its largest customer, Walmart, which is expected to account for over 15 percent
of total Group turnover following the Acquisition. Impact Innovations has received multiple supplier-related awards for its service to customers, including from Walmart.

For the year ended 31 December 2017, Impact Innovations recorded Underlying EBITDA* of US$15.0 million and profits before tax of US$7.1 million on revenues of US$155.9 million and, as at 31 December 2017, had gross assets of US$73.5 million.

*earnings before interest, tax, depreciation, amortisation, excluding costs relating to Impact Innovations’ historical employee stock ownership plan and other one-off costs

Consideration
The Company’s total funding requirement in relation to the Acquisition is £84.4 million**. Of this £56.5 million** represents the debt free/cash free purchase price, with the balance used to fund a working capital and other adjustment which is the result of the business being acquired during its peak working capital period. Funds used in respect of the working capital and other adjustment are expected to be repaid within 3 months of the transaction completing from Impact Innovations’ operating cash flows.

The Company’s funding requirements in respect of the Acquisition will be satisfied through the net proceeds of the First Tranche Placing Shares, the issuance at the Placing Price of new ordinary shares of 5 pence each in the capital of the Company with an aggregate value of $20 million (the “Consideration Shares”), and through the extension of the Group’s existing debt facilities. The number of Consideration Shares to be issued shall be calculated on the basis of the prevailing exchange rate on 30 August 2018, being the day immediately prior to the expected completion date of the Acquisition. It is expected that the enlarged Group’s average leverage, post the Acquisition and Placing for the year ending 31 March 2019 will be 1.3x Underlying EBITDA.

The Consideration Shares are being issued to John Dammerman, Chief Executive Officer of Impact Innovations, and persons closely associated with him, and are subject to a phased 6-12-24 month lock-in followed by a twelve-month orderly market in respect of each tranche. Mr Dammerman is entering into a new service contract as part of the Acquisition and will remain with the combined business.

**based on a foreign exchange rate of US$1.30:£1

The Placing
The Company proposes to raise £50 million gross proceeds (£48.3 million net of expenses (“Net Proceeds”)) from the issue of the Placing Shares at the Placing Price through Cenkos Securities plc (“Cenkos’) pursuant to: (i) a conditional agreement dated 27 August 2018 in relation to the First Tranche Placing Shares; and (ii) a conditional agreement dated 27 August 2018 in relation to the Second Tranche Placing Shares. The Placing is not conditional upon completion of the Acquisition, and is not underwritten.

The First Tranche Placing Shares shall be used satisfy the funding requirements in relation to the Acquisition and is not subject to shareholder approval. The Second Tranche Placing Shares will be subject to shareholder approval of related resolutions at the General Meeting.

Use of proceeds of the Placing
The Net Proceeds of the Placing will be used to:

• satisfy in part the funding requirements in respect of the Acquisition; and
• fund the capital expenditure of the enlarged group and provide resources to capitalise on other opportunities in line with its strategy which the Directors expect to arise.

**General Meeting**
A General Meeting to consider and approve the Second Tranche Placing Shares will be held at IG Design Group plc, 7 Water End Barns, Eversholt, Bedfordshire MK17 9EA, United Kingdom at 11.00 a.m. on 17 September 2018. A circular will be posted to shareholders on 29 August 2018 and will be made available on the Company's website at [www.thedesigngroup.com](http://www.thedesigngroup.com).

**Total Voting Rights**
Application has been made for the First Tranche Placing Shares and Consideration Shares to be admitted to AIM, and it is expected that admission of the First Tranche Placing Shares and Consideration Shares will become effective at 8.00 a.m. on or around 29 August 2018 and 4 September 2018 respectively.

Following admission of the First Tranche Placing Shares, the Company’s issued ordinary share capital will comprise 71,258,394 ordinary shares, none of which are held in treasury. Therefore, the total number of ordinary shares with voting rights in the Company following admission of the Placing Shares will be 71,258,394.

Further announcements will be made on the total voting rights following the admission of the Consideration Shares and the admission of the Second Tranche Placing Shares.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA’s Disclosure Guidance and Transparency Rules.

**Recommendation**
The Board believes that the Second Tranche Placing Shares is in the best interests of the Company and its shareholders. Accordingly, the Board recommends Shareholders to vote in favour of the resolutions to be put to the General Meeting as they intend so to do in respect of their beneficial shareholdings amounting to 28,796,476 or 44.3% of the existing ordinary shares.

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Announcement of the Acquisition and Placing</td>
<td>28 August</td>
</tr>
<tr>
<td>Admission and commencement of dealings of the First Tranche Placing Shares</td>
<td>29 August</td>
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<tr>
<td>Posting of General Meeting Circular</td>
<td>29 August</td>
</tr>
<tr>
<td>Admission and commencement of dealings of the Consideration Shares</td>
<td>4 September</td>
</tr>
<tr>
<td>Latest time and date for receipt of Forms of Proxy</td>
<td>11.00 a.m. on 13 September</td>
</tr>
<tr>
<td>General Meeting</td>
<td>11.00 a.m. on 17 September</td>
</tr>
<tr>
<td>Admission and commencement of dealings of the Second Tranche</td>
<td>8.00 a.m. on 19 September</td>
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</tbody>
</table>
Placing Shares if the Resolutions are passed

The Second Tranche Placing Shares credited to CREST stock accounts if the Resolutions are passed

Despatch of definitive share certificates for Second Tranche Placing Shares if the Resolutions are passed

19 September

19 September

week commencing 24 September

Notes:

(i) References to times in this Announcement 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.

IMPORTANT INFORMATION

This Announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this Announcement and include statements regarding the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: ability to find appropriate investments in which to invest and to realise investments held by the Group; conditions in the public markets; the market position of the Group; the earnings, financial position, cash flows, return on capital and operating margins of the Group; the anticipated investments and capital expenditures of the Group; changing business or other market conditions; changes in political or tax regimes, exchange rates and clients; and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this Announcement based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the AIM Rules or other applicable legislation or regulation, neither the Company nor Cenkos undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement.

No statement in this Announcement or incorporated by reference into this Announcement is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company.

This Announcement contains information regarding the Company’s business and the markets in which it operates and competes, which the Company has obtained from various third party sources. Where information has been sourced from a third party it has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third
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Neither the content of the Company’s website nor any website accessible by hyperlinks on the Company’s website is incorporated in, or forms part of, this Announcement.