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IG Design Group PLC
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IG Design Group PLC

(the "Company", the "Group" or "Design Group")

Results for the year ended 31 March 2024

Second successful year in the three-year turnaround journey, with improving operational efficiency and simplification of the business

IG Design Group plc, one of the world's leading designers, innovators and manufacturers across various celebration and creative categories announces its audited results for the year ended 31 March 2024.

Financial highlights for the year ended 31 March 2024:

Financial Highlights	**FY2024**	**FY2023**
Revenue	**$800.1m**	**$890.3m**
Adjusted[(a)]		
- Operating profit	**$31.1m**	**$16.1m**
- Profit before tax	**$25.9m**	**$9.2m**
- Diluted earnings/(loss) per share	**16.3c**	**(0.2)c**
Reported		
- Operating profit	**$29.0m**	**$(12.0)m**
- Profit/(loss) before tax	**$23.8m**	**$(18.9)m**
- Diluted earnings/(loss) per share	**36.6c**	**(28.6)c**
Net cash as at the year end	**$95.2m**	**$50.5m**

(a) Adjusted results exclude the impact of adjusting items - for further detail see alternative performance measures reconciliation within the detailed financial review

- Improved profits and margin recovery across both DG Americas and DG International despite a challenging backdrop of subdued consumer sentiment in some key markets and sea-freight volatility;
- Significant adjusted operating profit improvement driven by continued positive momentum in DG International, ongoing restructuring initiatives in DG Americas, and improved sourcing;
- Adjusted operating profit margin rose to 3.9%, up 210 bps on prior year;
- Delivered on customer commitments, but 10% revenue decline, predominantly in DG Americas H1 FY2024 following H2 FY2023 trends, but encouragingly H2 FY2024 broadly flat;
- Net cash of $95.2m demonstrating significant year-on-year improvement, reflecting continued strong working capital management;
- In line with the Board's previous guidance, no dividend declared for the year.

Operational & strategic highlights

- Second successful year in the three-year turnaround journey, with improving operational efficiency and simplification of the business;
- New Group CFO, Rohan Cummings, joined the Board in July 2023;
- Relaunch of the Group's purpose, vision, mission and values to support the new strategy and better leverage Group resources and capabilities;
- Establishment of Operating Board and distinct Forums to lead the execution of the new growth-focused strategy;
- Increased focus on improving capabilities to win and retain business in order to grow revenue;

Outlook

- Starting to pivot from the focus on the turnaround, to executing the new growth-focused strategy;
- The growth focused strategy is expected to deliver sales, profit and margin growth over FY2025, despite
  - the economic backdrop continuing to be challenging with subdued consumer sentiment expected to persist in some key markets;
  - sea-freight volatility, both in terms of availability and rates; and
  - increased risk from consolidation in the retail environment in some markets - making winning with the winners a critical strategy
- Strengthening of the business over recent years leaves the Group well placed to withstand economic and operational challenges as they arise;
- Announcing the closure of in-house manufacturing in China in FY2025;
- FY2025 orderbook at 69% of budgeted revenues (FY2024: 62%) indicates continued strong customer relationships
- The Board remains confident that the Group will meet its aspiration to return to pre-Covid-19 adjusted operating profit margins of 4.5% by 31 March 2025;
- As set out in the interim results, the Company has a clear growth-focused strategy through to March 2027 targeting annual sales of over $900 million whilst delivering an adjusted operating profit margin of over 6%.

Stewart Gilliland, Chair, commented:

"I am proud to share another year of success on the Group's journey to restore its profits, margins and financial strength, whilst also building a more resilient business model. The year has also seen the start of balancing our

strength, whilst also building a more resilient business model. The year has also seen the start of balancing our focus on the recovery journey with establishing a longer-term strategy to return the Group to sustainable growth, which is requiring a lot of consistent effort from everyone across the organisation. So, I would like to thank my colleagues throughout the Group for their hard work in delivering this year's strong results and the progress on our strategy.

With an invigorated senior leadership across the Group, our financing secured and a strengthened and stable Board, the Group is well-set to complete its recovery over the coming year; and embark on an exciting growth-focused strategy for the years beyond. Whilst the global political-economic backdrop could be better, the continued support of our customers and suppliers, who are working closely with our talented teams, positions us well to deliver better shareholder value. Finally, I thank our shareholders for their continued patience and support as the business re-positions itself for growth off a more resilient foundation."

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Overview

This is the second year in our three-year turnaround journey, and I am pleased to report continued strong progress in improving our operational efficiency whilst also simplifying the business. As we have done this we have delivered on our customer commitments and, through deeper collaboration, we have further developed some of the longstanding relationships that we have. We have continued to improve margins, delivered significant profit growth, and generated more cash than we had expected. **Adjusted profit before tax** is up 183% to $25.9 million (FY2023: $9.2 million). Margin recovery remains a key focus, and the 94% increase in **adjusted operating profit** to $31.1 million (FY2023: $16.1 million) translated into a 210 basis point rise in **adjusted operating profit margin** to 3.9% (FY2023: 1.8%). We therefore remain confident that we will restore, by 31 March 2025, the Group's adjusted operating profit margin to at least the 4.5% that was the proforma pre-Covid-19 margin following the acquisition of CSS Industries Inc. ('CSS') in March 2020.

I am pleased to report that both divisions contributed to the increased profits. The two main drivers behind this result remain the continued positive momentum in DG International, and the benefits coming from the turnaround initiatives that are continuing in the DG Americas division.

The achievement is all the more greater as our teams have had to overcome some significant challenges in the second half of the year that were on top of the weaker consumer sentiment in a number of our key markets. First, disruption to shipping routes, both in the Middle East and around Panama, and the consequential spiking of freight costs. And secondly, managing credit risk in the increasingly competitive US retail environment.

Revenue was impacted by continued soft demand in a number of key markets, with continental Europe proving the exception. As a result, Group **revenue** at $800.1 million was 10% lower at reported exchange rates, or 11% lower in constant currency terms. Almost all of the decline was experienced in the DG Americas division.

Another strong year of cash generation resulted in the Group ending the year with a net cash balance of $95.2 million (FY2023: $50.5 million). This improvement stems from continued progress in better managing working capital levels, especially inventory. Following the FY2024 re-financing, there is sufficient funding for our requirements.

Board changes

Rohan Cummings joined the Board as Chief Financial Officer in July 2023. He has made a good start, leveraging his prior experience with a listed business.

Our strategy

The year saw us start the transition from our recent focus on the short-term (three year) turnaround strategy initiated in June 2022, to what will come next and our new growth-focused strategy that was first announced this time last year.

The stronger financial performance that we are achieving points to a more resilient platform being established from which we will grow the business in a more sustainable manner. It was therefore appropriate to introduce a new growth-focused strategy that builds on the turnaround work that has been undertaken so far. The overall objective of our new strategy is to deliver sustained profitable sales growth that is primarily driven by organic efforts; and that is underpinned by a resilient and less complex business model.

Outlook

Two years into the Group's three-year turnaround, we remain confident that we will restore, by 31 March 2025, the Group's adjusted operating profit margin to at least the 4.5% that was the proforma pre-Covid-19 margin following the acquisition of CSS in March 2020. Our actual aspiration is to deliver 5.0% by March 2025, and this should return the Group to its historic highest level of profit delivery, which was an adjusted profit before tax of c$35.8 million delivered in FY2019.

Furthermore, we hope to see the Group return to profitable revenue growth during FY2025 as the restructured DG Americas division emerges stronger, and better equipped with the capabilities required to build a more sustainable, growing and profitable business.

We do expect subdued consumer sentiment to persist in some key markets until the economic backdrop improves. We also expect freight rates to remain above normal levels whilst the Middle East remains unstable, and we remain cautious with regards to the stability of some participants in the US retail market. Nevertheless, we believe the strengthened Group is better placed to withstand the drag from these headwinds and we remain encouraged by the orderbook representing 69% of FY2025's budgeted revenues (62% at this stage last year).

Looking further ahead, the financial impact from the successful execution of the new strategy suggests that by 31 March 2027, the Group should have delivered three consecutive years of profitable sales growth, with targeted annual sales around $900 million by that time; whilst delivering an adjusted operating profit margin of over 6%. This translates to an adjusted profit before tax exceeding $50 million. We also expect strong cash conversion to continue, with average annual leverage being no more than 1.0x under normal conditions. These aspirations will be further defined as we make progress with the new strategy.

Our continued progress would not be possible without the strong commitment and sheer hard work of our teams across the world. This is particularly true of the present as we balance the turnaround initiatives underway with the new strategic initiatives that will take us beyond that recovery. There is also a need to embrace changes in the way that the Group has traditionally worked, and develop new capabilities. I thank my colleagues everywhere for the way in which they are adapting to all of this.

Summary FY2024 results
Revenue at reported rates fell by 10%, which includes small positive currency effects. In constant currency terms, the decline was 11% with the main driver being a 16% decline in DG Americas. This reduction in DG Americas was experienced almost entirely during the first half of the year, with the second half of the year only 1% down. In constant currency terms, the smaller DG International division was 3% down over the year, mainly due to softness in the UK and Australian markets, with continental Europe proving more resilient. The declines are mainly driven by two factors, firstly softer consumer demand influencing our customers' expectations for Seasonal sales on top of their already reduced Everyday products purchasing. Secondly, in the US and the UK markets, we are experiencing increased risk from retailers in distress, and this has forced us to take a more cautious approach when selling into some of our customers. Notwithstanding these specific factors, we must continue to adapt to a more competitive pricing landscape by becoming increasingly more efficient and productive.

The Group's **adjusted operating profit margin** rose 210 basis points to 3.9%, with the growth coming from both divisions. In DG Americas the 90 basis point rise in the **adjusted operating profit margin** to 1.4% mainly reflected the benefits coming from the continued restructuring and turnaround initiatives. The 420 basis points rise in the **adjusted operating profit margin** to 10.8% in DG International came from a combination of the return to profitability in the UK following a number of turnaround initiatives, as well as continued strong trading momentum in continental Europe. The improved operating profits, helped by strong cash generation, kept interest costs below last year, and resulted in an **adjusted profit before tax** of $25.9 million (FY2023: $9.2 million), a 183% increase. Taking into account the tax charge, this resulted in an **adjusted diluted earnings per share** of 16.3 cents (FY2023: loss of 0.2 cents).

The year's adjusting items, as they relate to profit before tax, are significantly lower than last year, and result in a net cost of $2.1 million (FY2023: $28.1 million). They are limited to the amortisation of acquired intangibles and a net cost resulting from integration and restructuring costs. In the current year adjusting items as they relate to taxation are a credit of $21.8 million, which together with the improvement in adjusted profit before tax, results in **diluted reported earnings per share** to 36.6 cents (FY2023: 28.6 cents loss). The taxation adjusting item credit mainly results from the recognition of deferred tax assets on items which no longer have any restrictions on use.

The Group ended the year with a net cash balance of $95.2 million (FY2023: $50.5 million). The significant improvement reflects our continued focus on cash generation and better management, especially through working capital optimisation. Correspondingly, average leverage for the year has improved to 0 times (FY2023: 0.6 times), reflecting the average net cash position of the Group over the year.

As the Group remains on a path to margin and profit recovery, and given the challenging retail market persisting in the important US market plus some other markets, the Board is not recommending a dividend in respect of the year ended 31 March 2024.

Regional highlights
Overall, there was a reduction in Group **revenue** of 10% but with **adjusted operating profit** significantly up to $31.1 million (FY2023: $16.1 million) This profit improvement stems from the ongoing execution of turnaround activities in DG Americas, which are reducing the division's cost base, plus continued strong momentum in most of the DG International businesses. The split between our DG Americas and DG International divisions is as follows:

			Segmental Revenue			**Adjusted Operating Profit/ (Loss)**			**Adjusted Operating Margin**	
% Group revenue			**FY2024**	**FY2023**	**% growth**	**FY2024**	**FY2023**	**% growth**	**FY2024**	**FY2023**
									%	**%**
63%	DG Americas	$m	**500.3**	593.0	(15.6%)	**6.8**	2.9	131.9%	**1.4%**	0.5%
37%	DG International	$m	**299.8**	299.6	0.1%	**32.3**	19.8	62.7%	**10.8%**	6.6%
	Elims / Central costs	$m	**-**	(2.3)		**(8.0)**	(6.6)	-		
100%	**Total**	**$m**	**800.1**	890.3	**(10.1%)**	**31.1**	16.1	**93.8%**	**3.9%**	**1.8%**

Design Group Americas
This division, which makes up nearly two-thirds of the Group's total revenues, saw its **revenue** decline 16% to $500.3 million (FY2023: $593.0 million). This was mainly driven by reduced consumer demand for certain categories, especially in the first half of the year, which is a continuation of the trend noticed in the second half of the previous

year. The softness spread from Everyday product categories to Seasonal ones this year, as our main customers ordered more cautiously ahead of seasonal peaks, especially Christmas 2023. Whilst volume across almost all categories was lower, the categories particularly impacted were Party (especially seasonal décor) and Gift packaging (especially ribbons and bows). The other factor behind the reduction in revenue during the year was the rollover impact of the division exiting unprofitable product sub-categories in the previous year. In the second half of the year, these effects were much less, with revenue only down 1% during that period. The management of our credit risk exposure weighed on revenues, as some of our US retail customers gave us cause for concern. Reassuringly the bigger retailers have remained relatively resilient. Another encouraging signal was our success in the smaller seasons such as Mothers' Day and Easter, as well as new branding in the Craft category. Improved pricing was difficult to achieve following last year's catch-up pricing, but there were some successes in this area, as there were with securing new business.

Notwithstanding the lower revenues and the corresponding impact on profit, DG Americas delivered an **adjusted operating profit** of $6.8 million (FY2023: $2.9 million). The main driver of this improvement is the continuation of the turnaround initiatives initiated over the last two years, coupled with cost tailwinds as the high inflation of recent years starts to recede in some areas. The turnaround initiatives continued to simplify the division's operations, reducing its cost base, and making the division more productive and efficient, and therefore more competitive. Specific initiatives included exits from 12 sites identified as surplus such as Clara City (Minesota), Memphis (Tennessee) and Berwick (Pennsylvania). The last one, being a freehold site, is now being actively marketed for sale, with another Berwick site joining the market soon. Other activities include better leveraged sourcing and procurement and logistics and warehousing; further near-shoring to Mexico; headcount reductions (of nearly 200) and team restructuring.

In accordance with our new strategy, our commercial organisation and its capabilities are being revisited, and where necessary, further strengthened and developed in order to ensure that we have the right structure and mix of capabilities to support the return to profitable and sustainable sales growth in the near-term. As a result, our teams are bringing more market insights to their customer engagement. Our customer relationships remain a cornerstone of our business model. An example of this being the collaboration with Walmart with respect to their 'Project Gigaton' sustainability programme, where we again achieved 'Giga-guru' status.

Excellent progress has also been made in reducing working capital levels through better efficiency and greater discipline. The year has witnessed further significant reduction in inventory levels. Credit risk is also under closer review given the current challenging dynamics across US retail.

Design Group International
Representing over a third of the Group's revenue, this division largely comprises the Group's businesses in the United Kingdom, continental Europe, the Far East and Australia. Its **revenue** at reported rates was only marginally higher, at $299.8 million (FY2023: $299.6 million). At constant rates of exchange, the division experienced a 3% reduction during the year. Continuing softness in the UK and Australia markets during the year was only partially offset by continued volume-driven strong gains in continental Europe.

Adjusted operating profit at reported exchange rates of $32.3 million (FY2023: $19.8 million), was up significantly by 63%. At constant currency rates it was up 54%. This result is driven by the continued strong trading performance across our continental European businesses. This is more than offset by the softness in the UK and Australian markets. But notwithstanding the tougher retail market in the UK, our business there made a turnaround, returning to profitability through a number of initiatives. These initiatives included: reducing complexity in the business model and the product assortment, restructuring shift patterns, and releasing surplus warehousing. The latter has allowed us to market for sale a freehold site. Taken together, these actions have reduced the physical footprint, headcount and cost-base, thereby rendering the business more competitive.

DG UK's **revenue** for the year was down by just under 8% as consumer sentiment regarding non-food shopping remained subdued throughout the year. This sentiment affected both Seasonal and Everyday categories and products. Declines were evident across the assortment, though the more discretionary categories such as Party were most affected. Moreover, given the market environment, price rises were rare. There was marked progress with our efforts to counter the muted consumer sentiment: we collaborated well with major customer Tesco in bringing their revived Paperchase concept to their stores, earning DG UK the Tesco 2023 Supplier Innovation award; Eco Nature™ continued to grow sales and contribution and was introduced to more national retailers; the business model was challenged to better serve the more fragmented Independents channel; a 'pocket-money' Activity range was developed; and the production site is now embracing the more sustainable and durable Smartwrap™ solution. The team also continues to work on future design and innovation ideas in both product and packaging with local universities. As part of the Group's drive to simplify our business model and improve efficiency, margins and standards, DG UK management recently completed a comprehensive review of its manufacturing operation in China and proposed its closure. The Board has accepted the proposal to permanently cease in-house manufacturing in China during the coming year. Our third-party sourcing activities will continue and alternative, cost-effective solutions for these product lines are being secured. Considering the timing of the decision being post period, this matter is being treated as a post-balance sheet event, and a further update will be given when FY2025 interim results are published.

DG Europe continues to benefit from strong demand from our more value-oriented key customers in the current economic climate. The business enjoyed **revenue** growth of 2% over the year. With pricing under pressure this growth was mainly volume driven, especially in the Homeware category, and further supported by the broadened assortment. This volume growth is driving further efficiency gains, enhanced by strategic investments during the year, encompassing: the increasingly popular, successful and sustainable Smartwrap™ solution, new bag-making capabilities to address customer demands for near-shoring, and warehousing. Cost tailwinds and smarter sourcing also helped raise margins. This part of the Group also made material advances in managing working capital levels, especially inventory.

DG Australia has had to navigate a market that has become increasingly tougher as consumers reined in spend as inflation and interest rates rose. This was felt across both main channels, the National Accounts as well as the Independents. Consequently, **revenue** in this business was down 9% through the year, with no prospect for securing higher pricing. However, as with the other businesses in this division, the combination of 'self-help' initiatives and cost tailwinds meant margins did advance slightly during the year. Towards the end of the year the business invested in a new category by acquiring the assets of a small, local industry player in the essential oils category. Additionally, the business is preparing to relocate to a more modern warehouse and main office facility in the coming year.

Our products, brands and channels
The Group is well positioned to be the partner of choice for our retail customers when it comes to the categories on which we focus our efforts.

During the year, the Group redefined its product categories to reflect a new architecture for our overall assortment. This also better aligns with our emerging organisational structures within our business, and therefore our focus under the new strategy. The change began by categorising our product offerings into two key groupings or themes:

celebrating and creating. Within each of these themes, there are then three distinct product categories. This is set out in the table below:

Revenue by product category	FY2024		FY2023	
Gift packaging	**47%**	$369.2m	45%	$396.6m
Party	**15%**	$121.6m	17%	$154.0m
Goods not for resale	**7%**	$59.4m	7%	$63.9m
Celebrate	**69%**	$550.2m	69%	$614.5m
Craft	**17%**	$136.4m	17%	$151.6m
Stationery	**6%**	$50.0m	7%	$59.2m
Homeware	**8%**	$63.5m	7%	$65.0m
Create	**31%**	$249.9m	31%	$275.8m
Total		**$800.1m**		**$890.3m**

The overall mix between the six new product categories has not altered much over the course of the year. Whilst declining by 2% in the year, the most resilient category has been Homeware, driven by strong demand across the DG International markets, especially for frames, which grew 11% over the year. Our biggest product category, Gift packaging, experienced a decline in cards and ribbons & bows, but some growth in our core category of giftwrap. The greatest decline was experienced in the Party category driven by less demand for seasonal décor, as well as partyware. The decline in Craft resulted from activity and sewing patterns affected by our decision in DG Americas to more tightly manage credit risk in US retail. Stationery sales were down in DG Americas in line with the overall sales trend in that division. Similarly, the drop in Goods not for resale mostly occurred in DG Americas.

Revenue by customer channel	FY2024		FY2023	
Value & Mass	**70%**	$559.7m	67%	$597.1m
Independents	**16%**	$130.7m	17%	$153.7m
Specialists	**11%**	$88.5m	14%	$120.4m
Online	**3%**	$21.2m	2%	$19.1m
Total		**$800.1m**		**$890.3m**

Value & Mass is our main channel, and in the present economic climate at retail it was more resilient than other 'bricks and mortar' channels. The greatest decline in volume and revenue was experienced in the Specialist channel, reflecting ongoing consolidation of the retail environment, coupled with our decision to manage US retail credit risk. Revenue through our online presence has grown by 11% this year.

Revenue by season	FY2024		FY2023	
Christmas	**42%**	$337.2m	42%	$374.7m
Minor seasons	**8%**	$66.0m	9%	$76.5m
Everyday	**50%**	$396.9m	49%	$439.1m
Total		**$800.1m**		**$890.3m**

There is very little change in our seasonality, with Christmas remaining a key season.

Revenue by brand	FY2024		FY2023	
Licensed	**11%**	$85.3m	9%	$82.2m
Customer own brand / bespoke	**51%**	$407.7m	54%	$474.3m
DG brand	**38%**	$307.1m	37%	$333.8m
Total		**$800.1m**		**$890.3m**

In the search for levers to increase the value of our overall assortment, there is an increase in licenced products in DG Americas.

Sustainability
The Group's sustainability framework 'Helping design a better future', launched in FY2021, helps to guide our approach to sustainability by identifying three pillars that will deliver a more sustainable future. These three pillars are People, Product and Planet.
The Group's sustainability strategy is underpinned by our overall aim to minimise our impact on the environment by constantly challenging ourselves to find ways in which we can use our scale and people to influence and drive positive, proactive change in the markets into which we sell as well as source. We understand that our impact and responsibilities extend beyond our immediate surroundings, into the lives of our employees, the environment, and our local and global communities. We continue to believe we have a moral as well as a commercial necessity to strive for the highest standards of ethical behaviour and to innovate to reduce the environmental impact of our operations, to protect and preserve our planet, for this and future generations.

We continue to refine the Group's approach to sustainability and the associated key performance sustainability indicators (KPIs). We report our performance against these and the progress the Group has made during the year in the Sustainability report in the Annual Report and Financial Statements for FY2024.

While we take pride in our progress, we acknowledge that we are still in the early stages in our journey and there is more to be done. We will continue to develop our sustainability framework, particularly by refining our KPIs, setting targets, and establishing goals to foster positive transformation and strive to be the most sustainable we can be. Through transparent reporting, continual improvement and, in time, introducing measurable goals, we aim to integrate sustainability seamlessly into every aspect of our operations, ensuring that our actions today lay the foundation for a better future.

Integrating sustainability into our business strategy not only aligns with our core values but also gives us competitive advantage and resilience. In line with our new strategy of being the partner of choice and winning together, we will refine our approach to sustainability by also looking through the lenses of our key customers. We will evaluate how our sustainability strategies align with theirs and how we can achieve our mutual sustainability goals. These insights will shape our future priorities, allowing us to better set our own aspirations and targets, whilst continuing successful collaborations with key customers.

People
Our people are key to the success of our business. In times of transformation and change, especially as the backdrop remains challenging, it is even more important to ensure that we are recognising performance and loyalty while investing in the many talented individuals and teams across the Group.

In such circumstances, it is also vital that we engage with our talent and understand their sentiments. Last year we launched the first Group-wide employee engagement survey: 'Your Voice, Our Future'. There was a pleasing level of participation, and the feedback revealed that despite the significant changes underway, our teams remained positive about their roles, Design Group as an employer, and its future. The survey also provided managers with areas to further improve the working environment, such as investing further in training and development which have been addressed. Subsequently, we have decided to enhance and expand the survey, incorporating more questions and investing in an online tool to facilitate the survey process, analysis and reporting. This aims to streamline the exercise and deliver greater value to us more quickly. The next survey is scheduled for the summer of 2024.

Other notable achievements in FY2024 include our main DG Europe manufacturing site winning the Kartoflex Safety Award, received from the unions associated with the business in recognition of its safety record and work practices. Our efforts with respect to strengthening health and safety practices have resulted in a 10% reduction in accidents compared to the previous year.

Looking beyond our established and growing leadership development initiatives, we are also focusing on technical development opportunities, especially in DG UK. This includes establishing a local academy along the lines of the very successful DG Europe Academy. Furthermore, we have continued to celebrate the uniqueness of our staff by launching a global equality, diversity and inclusion calendar of events to better co-ordinate celebrations and raise awareness across the Group. This year we celebrated International Women's Day globally, with the #inspireinclusion campaign celebrating diversity, empowerment and the achievements of women across our business. Taking inspiration from the successful DG Americas intranet, DG UK also launched an intranet.

Facilitating easier cross-business communication and collaboration amongst our teams continues to be a focus so we can better leverage our collective skills, capabilities, experience and best practice. This will further facilitate the work of the cross-business Forums which are helping accelerate our progress. It should also be recognised that these Forums are also providing opportunities for personal development and providing a more enriching and stimulating work experience. As a further enabler to better leveraging the capabilities of our teams across our various businesses, we have re-articulated the Group's purpose, vision, mission and values. These also align with the new growth-focused strategy. Over the coming year both will be further embedded across the Group.

Product
There is no question that the nature of our products and their packaging requires us to be innovative in our design to create more sustainable solutions and collections to promote to our customers and theirs. A notable achievement is the development of our shrink-free wrapping paper, which eliminates plastic waste through the use of recyclable paper labels. Last year's launch of Smartwrap™ in continental Europe has found huge traction with our customers' own sustainability agenda. In continental Europe over half of our giftwrap customers bought the solution during the year, and this is set to continue growing into the future. Roll-out has started in DG UK, with similarly huge interest from our customers, and roll-out to DG Americas is the next step. Beyond the win in terms of sustainability, the solution physically protects the roll in transportation and on-shelf, enhancing its appeal at retail. Our Eco Nature™ ranges in the UK have continued to perform well, growing revenue by 25% to over $2 million during the year, as well as improved margins. We will look to further improve our sustainable solutions in these markets where there is traction with consumers. Numerous other initiatives are underway finding innovative solutions with both customers and external specialists and academic institutions to continue to reduce the environmental impact of our products and their packaging.

Planet
Climate Change is now seen by our management teams as a principal risk, acknowledging our responsibility to protect and preserve our planet and its environment, as well as the sustainability of our business. We have made further progress this year towards compliance with Non-Financial and Sustainability Information Statement (NFSIS) of the Companies Act, which is aligned with Task Force on Climate-related Financial Disclosures (TCFD) reporting, with the integration of climate-related risk assessment into our existing, wider risk management process. Further to this the Group has made considerable progress in calculating and reporting our scope 1 and 2 greenhouse gas emissions. This achievement marks a crucial step in our commitment to understanding and reducing our environmental impact. By assessing these emissions and recognising the importance of understanding our scope 3 emissions, we can implement targeted strategies to mitigate our carbon footprint, demonstrating our dedication to sustainability and responsible business practices. Another notable achievement in FY2024 was DG Americas helping its biggest customer, Walmart, achieve its Project Gigaton goals for carbon emissions reduction, six years ahead of schedule. In a similar fashion we are working closely with a growing number of other customers to jointly achieve similar achievements and good outcomes.

Detailed financial review

The Group's financial results are summarised below, setting out both the reported and the adjusted results.

	FY2024			FY2023		
	Reported	**Adjusting items**	**Adjusted**	**Reported**	**Adjusting items**	**Adjusted**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue	**800.1**	**-**	**800.1**	**890.3**	**-**	**890.3**
Gross profit	141.6	0.5	142.1	131.7	1.4	133.1
Overheads	(112.6)	1.6	(111.0)	(143.7)	26.7	(117.0)
Operating profit/(loss)	29.0	2.1	31.1	(12.0)	28.1	16.1
Net finance costs	(5.2)	-	(5.2)	(6.9)	-	(6.9)
Profit/(loss) before						

tax	23.8	2.1	25.9	(18.9)	28.1	9.2
Tax	13.3	(21.8)	(8.5)	(7.6)	(0.2)	(7.8)
Profit/(loss) after tax	**37.1**	**(19.7)**	**17.4**	**(26.5)**	**27.9**	**1.4**
Operating profit/(loss)	29.0	2.1	31.1	(12.0)	28.1	16.1
Impairment of goodwill	-	-	-	29.1	(29.1)	-
Depreciation and impairment of PPE and software	13.5	-	13.5	14.6	-	14.6
Depreciation and impairment of right of use assets	16.0	0.5	16.5	18.4	(0.7)	17.7
Acquisition amortisation	1.8	(1.8)	-	2.8	(2.8)	-
EBITDA	**60.3**	**0.8**	**61.1**	**52.9**	**(4.5)**	**48.4**
Diluted earnings/(loss) per share	36.6c	(20.3)c	16.3c	(28.6)c	28.4c	(0.2)c

Revenue for the year ended 31 March 2024 declined by 10% to $800.1 million (FY2023: $890.3 million) driven by a softening of consumer demand in a number of markets, with the only exception being continental Europe. **Revenue** in DG Americas declined 26% in the first half of the year and stabilised during the second half with a 1% decline. Although the revenue in reported currency in DG International was in line with the prior year, at constant currency revenues they were down 3%, reflective of continuing softness in the UK and Australian markets, offset in part by a strong performance in continental Europe. Constant currency Group revenues reduced by 11% year on year.

Adjusted operating profit increased 94% year-on-year to $31.1 million (FY2023: $16.1 million) and **adjusted gross margin** increased to 17.8% (FY2023: 14.9%). Despite the lower revenues and the corresponding loss of margin, the improvement in profit is largely as a result of our turnaround activities across a number of markets, which are reducing our cost base. This reduction is supported by sourcing benefits as the high inflation of recent years starts to recede in some areas, offset partially by inflation in staff costs. DG International delivered strong trading within continental Europe and in addition benefited from turnaround initiatives within the DG UK operations. DG Americas benefited from the turnaround initiatives which more than offset the impacts of weaker trading performance. Inventory provisions made in the year were $13.4 million (FY2023: $19.3 million) and inventory provision releases were $4.5 million (FY2023: $6.3 million), with the reductions reflecting lower inventory levels as working capital was more tightly managed.

Adjusted operating margin at 3.9% (FY2023: 1.8%) was up year on-year, reflecting the higher gross margins and continued cost management. Overall **adjusted profit before tax** was $25.9 million (FY2023: $9.2 million) with the improvement reflective of the strong performance in DG International as well as benefits from the turnaround initiatives in DG Americas. The Group finished the year with a reported **profit before tax** of $23.8 million (FY2023: loss before tax of $18.9 million). The adjusting items of $2.1 million (FY2023: $28.1 million) are significantly lower than the prior year, with the prior year reflecting the (non-cash) impairment of goodwill of $29.1 million. Further details of the adjusting items are detailed below.

Adjusted profit after tax was $17.4 million (FY2023: $1.4 million) with the reported **profit after tax** for the year at $37.1 million (FY2023: loss after tax at $26.5 million). Profit after tax in the current year benefitted from the recognition of deferred tax assets on items which no longer have any restrictions on use, which have been treated as adjusting.

Adjusted net finance costs
Adjusted net finance costs were lower than the prior year, being $5.2 million (FY2023: $6.9 million). Despite higher average interest rates, the average net debt/cash was significantly more favourable, largely due to improvements in working capital management.

Adjusting items
Adjusting items are material items or items of an unusual or non-recurring nature which represent gains or losses which are separately presented by virtue of their nature, size and/or incidence. The Group's adjusting items in the year to 31 March 2024 result in a net charge before tax of $2.1 million compared to $28.1 million in the prior year. Details of adjusting items are included below:

Adjusting items	**FY2024**	**FY2023**
	$m	$m
Integration and restructuring costs/(income)	0.3	(2.0)
Amortisation of acquired intangibles	1.8	2.8
Goodwill impairment	-	29.1
Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses	-	(1.5)
Reversal of impairment of assets	-	(0.2)
IT security incident income	-	(0.1)
Total	**2.1**	**28.1**

Integration and restructuring costs/(income) - $0.3 million (FY2023: $2.0 million credit)
In order to realise synergies from acquisitions, or existing businesses, integration and restructuring projects are respectively undertaken that aim to deliver future savings and efficiencies for the Group. These are projects outside of the normal operations of the business and typically incur one-time costs to ensure successful implementation. As such it is appropriate that costs associated with projects of this nature be included as adjusting items. The net costs incurred in the year relate to the reorganisation and business simplification in DG Americas and the reorganisation of the DG UK and Asia businesses as follows:

Reversal of impairment - Following the integration of DG Americas' sites in FY2021, a portion of a leased site in Budd Lake, New Jersey was exited, and the right-of-use asset was impaired. In the period ended 31 March 2024, the landlord reacquired a portion of the impaired site resulting in a reversal of impairment of $0.6 million (FY2023: $nil).

DG Americas and DG UK business reorganisation - Further costs were incurred following the March 2023 announcements of business reorganisation and simplification. In the year the DG Americas business had further restructuring costs, relating to staff, of $0.7 million (FY2023: $0.8 million), and the DG UK business (and its subsidiary in Asia) incurred further restructuring costs of $0.2 million (FY2023: $0.7 million), which also related to staff.

Site closures (FY2023) - In April 2022, a property in Manhattan, Kansas was sold for proceeds of $6.7 million resulting in a profit on disposal of $4.6 million recognised as an adjusting item. In addition to this there was a loss on sale of equipment of $0.1 million in relation to assets disposed of during the exit of a site in Clara City, Minnesota. Additionally, in FY2023 costs of $0.3 million and a $0.8 million impairment to a right-of-use asset were incurred in relation to the relocation and closure of these sites, as well as the consolidation of other US sites.

Amortisation of acquired intangibles - $1.8 million charge (FY2023: $2.8 million charge)
Under UK IFRS, as part of the acquisition of a company, it is necessary to identify intangible assets such as customer lists and trade names which form part of the intangible value of the acquired business but are not part of the acquired balance sheet. These intangible assets are then amortised to the income statement over their useful economic lives. These are not operational costs relating to the running of the acquired business and are directly related to the accounting for the acquisition. As such, we include these as adjusting items. In the current year, the amortisation relates to brands acquired as part of the acquisition of Impact Innovations Inc. (Impact), with the tradenames and brands related to CSS fully amortised in the prior year.

Goodwill impairment - $nil (FY2023: $29.1 million charge)
In the prior year an impairment of $29.1 million was recorded to write down the goodwill from historical acquisitions in the UK and Asia cash-generating-unit (CGU). This followed the deterioration of the results experienced in the DG UK and Asia CGU in the second half of 2023 which impacted its longer-term forecasts for future cash flows, and was further exacerbated by the significant increase in the discount rate, mainly as a result of higher interest rates.

Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses - $nil (FY2023: $1.5 million credit)
In the prior year $1.5 million of insurance income was received relating to the Impact Innovations, Inc acquisition Representations & Warranties insurance settlement relating to accounting and tax issues present at acquisition.

Reversal of impairment of assets - $nil (FY2023: $0.2 million credit)
In the prior year a credit of $0.2 million was recognised relating to reversal of Covid-19 related impairments no longer required. There are no remaining provisions relating to these costs.

IT security incident income - $nil (FY2023: $0.1 million credit)
The IT security incident which occurred in DG Americas in October/November 2020 resulted in one-off costs of $2.2 million being incurred during the year ended 31 March 2021. This did not include the lost profits incurred as a result of downtime in the business for which an insurance claim was made. In the prior year further insurance income was received of $0.1 million in relation to this incident. The treatment of this income as adjusting, followed the previous treatment of the one-off costs as adjusting.

Taxation
The Group aims to manage its tax affairs in an open and transparent manner, with the objective of full compliance with all applicable rules and regulations in tax jurisdictions in which it operates. We have not entered into any tax avoidance or otherwise aggressive tax planning schemes and the Group continues to operate its tax affairs in this manner.

The Group's **adjusted tax charge** for the year is $8.5 million (FY2023: $7.8 million) against an adjusted profit before tax of $25.9 million (FY2023: $9.2 million). This equates to an adjusted ETR of 32.9% (FY2023: 85.1%). Deferred tax assets relating to the entities in the UK (both UK trading and PLC) are not being recognised due to the lack of sufficient compelling evidence to suggest their recognition at this time. Consequently, the absence of tax relief on current year tax losses in the UK, together with the impact of movements in uncertain tax positions and permanent items in DG Americas, inflates the adjusted effective tax charge for the Group. The profits in DG Europe and Australia, which are considerable contributors to adjusted profit before tax, are taxed at higher statutory tax rates (25.8% and 30% respectively). Further details of this tax charge are set out in note 11.

The taxation credit in adjusting items of $21.8 million mainly relates to the recognition of deferred tax assets in DG Americas. On the acquisition of CSS in 2020 there were certain deferred tax attributes that were subject to restrictions. We have engaged with our advisors and have confidence that there are no remaining restrictions and these attributes are available for use. It should be noted that the use of these attributes is subject to an annual limitation which spreads their usage over an approximately 40-year period which started in FY2020.

Tax paid in the year was $5.2 million (FY2023: $7.3 million). This is $2.1 million lower than the prior year, reflecting temporary payment timing differences. Had this timing difference not occurred, the payments would have been higher than prior year, reflective of profits in the Group's tax-paying jurisdictions.

Earnings per share
Diluted adjusted earnings per share at 16.3 cents (FY2023: loss per share 0.2 cents) is improved year-on-year driven by the substantial improvement in the underlying profit after tax. **Diluted earnings per share** at 36.6 cents (FY2023: loss per share 28.6 cents) is higher than prior year, reflective of the improved underlying performance, the current year tax benefit recognised as adjusting, as well as the absence of the significant adjusting items of the prior year. Further details are set out in note 21.

Dividend
Whilst the Group remains on its path to profit and margin recovery, and given the challenging retail environment persisting in the US and some other markets, the Board are not recommending a final dividend for the year ended 31 March 2024 (FY2023: nil). As a result, the full year dividend is nil (FY2023: nil).

Return on capital employed
Improving the return on capital employed continues to be a key target for each of the business units as well as the Group overall. The Group saw the return on capital employed increase year-on-year to 12.4% (FY2023: 5.6%), reflecting the improved profitability and our efforts to reduce our working capital requirements.

Cash flow and net cash
The Group ended the year with its net cash balance at $95.2 million (FY2023: $50.5 million). The year on year cash balance significantly increased as a result of the higher EBITDA contribution and the further improvements in working capital management resulting in adjusted cash generated from operations being significantly higher at $89.3 million (FY2023: $60.4 million).

Cash flow	**FY2024 $m**	FY2023 $m
Adjusted EBITDA	**61.1**	48.4

Adjusted EBITDA	**61.1**	48.4
Add back for share-based payment charge	**1.5**	0.8
Movements in working capital	**26.7**	11.2
Adjusted cash generated from operations	**89.3**	60.4
Adjusting items within cash generated from operations	**(1.9)**	(1.4)
Cash generated from operations	**87.4**	59.0
Adjusting items within investing and financing activities	**-**	8.3
Capital expenditure (net of disposals of property, plant and equipment)	**(9.9)**	(5.8)
Acquisition of non-controlling interest	**-**	(3.0)
Acquisition of business	**(0.5)**	-
Tax paid	**(5.2)**	(7.3)
Interest paid	**(4.5)**	(5.3)
Lease liabilities principal repayments	**(18.4)**	(20.4)
Dividends paid (including those paid to non-controlling interests)	**-**	(3.0)
Purchase of own shares	**(3.5)**	(0.9)
FX and other	**(0.7)**	(1.3)
Movement in net cash	**44.7**	20.3
Opening net cash	**50.5**	30.2
Closing net cash	**95.2**	50.5

Working capital
The working capital cash inflow improved from $11.2 million in the prior year to $26.7 million. This was driven by the continued focus on overall working capital management across the Group, especially in reducing the level of inventory held.

The Group continues to actively track debtors and credit risk profiles of all of our customers to mitigate as far as possible any additional exposure to credit risk. This is especially the case in the US market, where there is increasing competition within the retail environment. Doubtful debt write off was only slightly higher in the year at 0.2% of revenue (FY2023: less than 0.1%), reflecting our continued proactive approach to managing credit risk exposure under current market conditions.

Capital expenditure
Capital expenditure in the year increased in relation to the prior year at $9.9 million (FY2023: $5.8 million), with investment in ERP and manufacturing capabilities, including strategic investment in the innovative Smartwrap™ solution and bag-making technology. Capital expenditure in FY2025 is expected to be slightly higher with further investment in our ERP, further roll-out of Smartwrap™, as well as relocation to a new warehouse facility for our DG Australia operations.

Acquisition of business
On 15 January 2024, IG Design Group Australia Pty Ltd acquired the trade and assets of a small, local industry player in essential oils manufacturing and wholesale for $0.5 million. This small "bolt-on" M&A opportunity accelerated entry into a new, attractive product category.

Purchase of own shares
The IG Design Group plc Employee Benefit Trust purchased 2 million ordinary shares at a cost of $3.5 million (FY2023: $0.9 million). These shares are to be held by the trust to help meet future obligations arising under the Company's long-term incentive plan.

Average leverage
Average leverage is a key measure for the Group measuring the seasonality of our working capital demands across the business and the need to ensure the Group manages its peak funding requirements within its bank facility limits. As at 31 March 2024 average leverage was 0 times (FY2023: 0.6 times), which reflects the average net cash position of the Group over the year of $27.7 million (FY2023: average net debt $17.1 million).

Our measure of average leverage excludes lease liabilities from our measurement of debt, and we reduce adjusted EBITDA for lease payments. This methodology is consistent with the prior year.

Banking facilities
On 2 June 2023, the Group entered into a $125.0 million three-year refinancing with HSBC and NatWest banks. This facility is structured as an Asset Backed Lending (ABL) arrangement secured with an all-assets lien over Group assets in the USA and an all-assets security over Group assets in the UK. The Group also extended its overdraft facility provided by HSBC. On 3 November 2023 the Group made an operational amendment to the ABL arrangement and signed a supplemental agreement to convert and increase the overdraft to £17.0 million RCF facility between 17 June 2024 and 16 August 2024. This amendment offers flexibility during the months where the Group has a requirement for funding while having limited access into the ABL.

Further details are set out in note 15.

Foreign exchange exposure management
The Groups foreign exchange (FX) exposure is split into two areas:

Translational FX exposure **-** The Group's reporting currency is US dollars and the translation exposure is the result of the requirement for the Group to report its results in one currency. This necessitates the translation of our regional business units' local currency financial results into the Group's adopted reported currency. For disclosure purposes, the constant currency amounts recalculate the prior year by using the exchange rates of the current year to enhance the comparability of information between reporting periods. The overall impact on **revenue** and profits from currency movements in 2024 when compared to 2023 is that the decrease in revenue would have been $12.6 million higher if 2023 revenues are translated at 2024 foreign currency exchange rates, and the growth in **adjusted profit before tax** would have been $0.6 million lower.

Transactional FX exposure **-** This FX exposure is managed carefully by the Group as it can result in additional cash outflows if not managed appropriately. In response to this risk the Group adopts an active hedging policy to ensure foreign exchange movements remain mitigated as far as possible. In addition, a reasonable proportion of this hedging is achieved through natural hedges whereby our purchases and sales in US dollars are offset. The balance of our hedging is achieved through forward exchange contracts and similar derivatives.

Restatement of comparative amounts
The Group has restated its prior year figures to reflect the potential liabilities relating to pre-acquisition era duties, interest, and penalties in a foreign subsidiary of the DG Americas division. These estimates involved assessing historical data, interpreting relevant tax and legal regulations, and considering potential outcomes of discussions with tax authorities. Given the complexity and uncertainty surrounding these liabilities, management has utilised external professional advice to ensure that the provisions are reasonable and reflect the most probable outcomes. Adjustments to these estimates may be required in future periods as new information becomes available or as

Adjustments to these estimates may be required in future periods as new information becomes available or as circumstances change.

This adjustment has resulted in a restatement of goodwill, as the initial acquisition accounting did not include a provision in relation to this potential liability. Consequently, the opening balance sheet has been adjusted by $5.8 million to restate the goodwill at acquisition (refer note 9) and a provision of $5.5 million (refer note 17) has been raised. In addition, the post-acquisition impacts on retained earnings of $456,000 and on translation reserve of $802,000 have been adjusted in the statement of changes in equity accordingly.

Financial position and going concern basis
The Group's net assets increased by $34.8 million to $369.5 million at 31 March 2024 (FY2023: $334.7 million(restated)). As the Group enters the third year of its turnaround strategy, the Directors have continued to pay close attention to their assessment of going concern in preparation of these financial statements. The Group is appropriately capitalised at the year end with a net cash position of $95.2 million.

The Directors of the Group have performed an assessment of the overall position and future forecasts for the purposes of going concern. The going concern assessment has been performed using the Group's FY2025 and FY2026 budgets and plans. These forecasts have been reviewed in detail by the Board and take into account the seasonal working capital cycle of the business. They have been sensitised to reflect severe but plausible adverse downturns in the current assumptions including the potential impact of a significant disruption in one of our major customer's business, as well as a significant shift in the phasing of sales in DG Americas business segments, beyond those risks already factored into the budgets and plans.

The base forecasts and additional sensitivity analysis have been tested against the ABL facility limits and covenants. The analysis demonstrated that the Group has sufficient headroom for it to meet its obligations as they fall due for a forecast period of more than twelve months beyond the date of signing these accounts and will also be compliant with all covenants within this time frame. As such, the Directors do not see any practical regulatory or legal restrictions which would limit their ability to fund the different regions of the business as required as the Group has sufficient resources.

Accordingly, the Directors have continued to adopt the going concern basis of accounting in preparing the financial statements.

Non-adjusting post balance sheet events
On 24 June 2024, the Board made the decision to permanently cease in-house manufacturing in China during the coming year. This decision was made following a comprehensive review of its manufacturing operation in China.

Alternative performance measures
This review includes alternative performance measures (APMs) that are presented in addition to the standard UK IFRS metrics. The Directors believe that these APMs provide important additional information regarding the underlying performance of the business including trends, performance and position of the Group. APMs are used to enhance the comparability of information between reporting periods and segmental business units by adjusting for exceptional or uncontrollable factors which affect UK IFRS measures, to aid the understanding of the Group's performance. Consequently, APMs are used by the Directors and management for strategic and performance analysis, planning, reporting and reward setting. APMs reflect the results of the business excluding adjusting items, which are items that are material or items of an unusual or non-recurring nature.

The APMs and the definitions used are listed below:

- Adjusted EBITDA - Profit/(loss) before finance charges, tax, depreciation, amortisation, impairment (EBITDA) and adjusting items
- Adjusted gross profit - Gross profit before adjusting items
- Adjusted operating profit/(loss) - Profit/(loss) before finance charges, tax and adjusting items
- Adjusted profit/(loss) before tax - Profit/(loss) before tax and adjusting items
- Adjusted profit/(loss) after tax - Profit/(loss) after tax before adjusting items and associated tax effect
- Adjusted tax - Tax before adjusting items
- Diluted adjusted earnings/(loss) per share - Diluted earnings/(loss) per share before adjusting items and associated tax effect
- Adjusted overheads - Selling costs, administration expenses, other operating income, profit/(loss) on disposal of property, plant and equipment (overheads) before adjusting items
- Adjusted cash generated from operations - Cash generated from operations before the associated cash impact of those adjusting items
- Net cash - Cash and cash equivalents, bank overdraft and loan arrangement fees

In terms of these APMs, a full reconciliation between our adjusted and reported results is provided in the detailed financial review above, from which the following key performance metrics have been derived:

- Adjusted gross margin - Adjusted gross profit divided by revenue
- Adjusted operating margin - Adjusted operating profit divided by revenue
- Adjusted EBITDA margin - Adjusted EBITDA divided by revenue
- Cash conversion - Adjusted cash generated from operations divided by adjusted EBITDA

In addition, the Group calculates the following key performance measures, which are also APMs, using the above definitions:

- Return on capital employed - Adjusted operating profit divided by monthly average net capital employed (where capital employed is net assets excluding net cash and intangible assets)
- Average leverage - Average bank debt (being average debt measured before lease liabilities) divided by adjusted EBITDA reduced for lease payments

Further details of the items categorised as adjusting items are disclosed in more detail in note 3.

Rohan Cummings
Director

24 June 2024

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the

Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 MARCH 2024

	Note	**2024** **$000**	2023 $000
Revenue	2	**800,051**	890,309
Cost of sales		**(658,532)**	(758,569)
Gross profit		**141,519**	131,740
Selling expenses		**(44,143)**	(47,097)
Administration expenses - costs		**(70,045)**	(75,112)
Administration expenses - impairment of goodwill	3	**-**	(29,100)
Other operating income	5	**1,903**	2,951
(Loss)/profit on disposal of property, plant and equipment	3	**(238)**	4,595
Operating profit/(loss)	3	**28,996**	(12,023)
Finance income	6	**1,065**	-
Finance costs	6	**(6,219)**	(6,873)
Profit/(loss) before tax		**23,842**	(18,896)
Income tax credit/(charge)	7	**13,277**	(7,563)
Profit/(loss) for the year		**37,119**	(26,459)
Attributable to:			
Owners of the Parent Company		**35,625**	(27,987)
Non-controlling interests		**1,494**	1,528

Earnings/(loss) per ordinary share

	Note	**2024**	2023
Basic	21	**36.8c**	(28.6c)
Diluted	21	**36.6c**	(28.6c)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2024

	Note	**2024** **$000**	2023 $000
Profit/(loss) for the year		**37,119**	(26,459)
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension and health benefit schemes	23	**(48)**	(37)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**(5,502)**	10,621
Transfer to profit and loss on maturing cash flow hedges		**(285)**	(683)
Net unrealised gain on cash flow hedges		**292**	419
Income tax relating to these items		**-**	-
		(5,495)	10,357
Other comprehensive (expense)/income for the year, net of tax		**(5,543)**	10,320
Total comprehensive income/(expense) for the year, net of tax		**31,576**	(16,139)

Attributable to:

Attributable to:		
Owners of the Parent Company	**30,237**	(17,024)
Non-controlling interests	**1,339**	885
	31,576	(16,139)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2024

	Attributable to the owners of the Parent Company								
	Share capital $000	Share premium and capital redemption reserve $000	Merger reserve $000	Hedging reserve $000	Translation reserve $000	Retained earnings $000	Shareholders' equity $000	Non-controlling interests $000	Total $000
At 1 April 2023 (restated)	6,059	214,845	40,069	38	(396)	67,577	328,192	6,530	334,722
Profit for the year	-	-	-	-	-	35,625	35,625	1,494	37,119
Other comprehensive expense	-	-	-	4	(5,344)	(48)	(5,388)	(155)	(5,543)
Total comprehensive income/(expense) for the year	-	-	-	4	(5,344)	35,577	30,237	1,339	31,576
Transactions with owners in their capacity as owners									
Equity-settled share-based payments (note 2)	-	-	-	-	-	1,432	1,432	-	1,432
Purchase of own shares (note 29)	-	-	-	-	-	(3,548)	(3,548)	-	(3,548)
Options exercised (note 20)	16	-	-	-	-	(16)	-	-	-
Exchange differences on opening balances	126	4,365	814	-	-	-	5,305	-	5,305
At 31 March 2024	6,201	219,210	40,883	42	(5,740)	101,022	361,618	7,869	369,487

In line with the Group's accounting policies, share capital, share premium, capital redemption reserve, merger reserve and hedging reserve are translated into US dollars at the rates of exchange at each balance sheet date and the resulting cumulative exchange differences are included in translation reserve.

Merger reserve
The merger reserve comprises premium on shares issued in relation to business combinations.
Capital redemption reserve
The capital redemption reserve comprises amounts transferred from retained earnings in relation to the redemption of preference shares. For ease of presentation, the amount of $1.7 million relating to the capital redemption reserve has been included within the column of share premium and capital redemption reserve in the balances at the end of the year (2023: $1.7 million). The only movement in this balance relates to foreign exchange.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that qualify for hedge accounting and have not yet matured.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Shareholders' equity
Shareholders' equity represents total equity attributable to owners of the Parent Company.

	Attributable to the owners of the Parent Company								
	Share capital $000	Share premium and capital redemption reserve $000	Merger reserve $000	Hedging reserve $000	Translation reserve $000	Retained earnings $000	Shareholders' equity $000	Non-controlling interests $000	Total $000
At 1 April 2022	6,373	228,143	42,549	299	(12,459)	96,806	361,711	7,999	369,710
Restatement (note1)	-	-	-	-	802	(456)	346	-	346
Restated at 1 April 2022	6,373	228,143	42,549	299	(11,657)	96,350	362,057	7,999	370,056
(Loss)/income for the year	-	-	-	-	-	(27,987)	(27,987)	1,528	(26,459)
Other comprehensive income/(expense)	-	-	-	(261)	11,261	(37)	10,963	(643)	10,320
Total comprehensive (expense)/income for the year	-	-	-	(261)	11,261	(28,024)	(17,024)	885	(16,139)
Change in ownership interest									
Option over non-controlling interest	-	-	-	-	-	3,069	3,069	-	3,069
Acquisition of									

Acquisition of non-controlling interest	-	-	-	-	-	(3,558)	(3,558)	607	(2,951)
Transactions with owners in their capacity as owners									
Equity-settled share-based payments (note 23)	-	-	-	-	-	656	656	-	656
Purchase of own shares (note 29)	-	-	-	-	-	(865)	(865)	-	(865)
Options exercised (note 20)	51	-	-	-	-	(51)	-	-	-
Equity dividends paid (note 27)	-	-	-	-	-	-	-	(2,961)	(2,961)
Exchange differences on opening balances	(365)	(13,298)	(2,480)	-	-	-	(16,143)	-	(16,143)
At 31 March 2023	6,059	214,845	40,069	38	(396)	67,577	328,192	6,530	334,722

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024

	Note	**2024** $000	Restated[a] 2023 $000	Restated[a] 2022 $000
Non-current assets				
Property, plant and equipment	8	**67,062**	70,306	78,911
Intangible assets	9	**74,754**	77,133	113,206
Right-of-use assets	10	**59,115**	69,332	86,731
Long-term assets	13	**4,648**	5,647	5,105
Deferred tax assets	11	**39,099**	15,401	16,317
Total non-current assets		**244,678**	237,819	300,270
Current assets				
Asset held for sale	8	**1,786**	-	2,150
Inventory	12	**165,401**	206,426	230,885
Trade and other receivables	13	**89,523**	92,402	127,850
Income tax receivable		**2,522**	2,428	1,234
Derivative financial assets	24	**68**	340	316
Cash and cash equivalents	14	**157,365**	85,213	50,179
Total current assets		**416,665**	386,809	412,614
Total assets	2	**661,343**	624,628	712,884
Non-current liabilities				
Loans and borrowings	15	**(817)**	-	(20)
Lease liabilities	10	**51,751**	62,717	80,215
Deferred income	16	**1,837**	2,038	523
Provisions	17	**2,796**	5,474	5,016
Other financial liabilities	18	**14,307**	19,071	21,557
Deferred tax liabilities	11	**150**	221	381
Total non-current liabilities		**70,024**	89,521	107,672
Current liabilities				
Bank overdraft	14	**63,655**	34,979	20,380
Loans and borrowings	15	**(700)**	(250)	(340)
Lease liabilities	10	**15,595**	17,470	19,628
Deferred income	16	**214**	263	465
Provisions	17	**7,527**	6,801	6,804
Income tax payable		**12,356**	6,918	7,359
Trade and other payables	19	**86,101**	92,977	143,318
Other financial liabilities	18	**37,084**	41,227	37,542
Total current liabilities		**221,832**	200,385	235,156
Total liabilities	2	**291,856**	289,906	342,828
Net assets		**369,487**	334,722	370,056
Equity				
Share capital	20	**6,201**	6,059	6,373
Share premium		**217,518**	213,187	226,382
Capital redemption reserve		**1,692**	1,658	1,761
Merger reserve		**40,883**	40,069	42,549
Hedging reserve		**42**	38	299
Translation reserve		**(5,740)**	(396)	(11,657)
Retained earnings		**101,022**	67,577	96,350
Equity attributable to owners of the Parent Company		**361,618**	328,192	362,057
Non-controlling interests		**7,869**	6,530	7,999
Total equity		**369,487**	334,722	370,056

(a) Restated - see note 1 for further details

The consolidated financial statements were approved by the Board of Directors on 24 June 2024 and were signed on its behalf by:
Rohan Cummings
Director

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2024

	2024	2023

	Note	**$000**	$000
Cash flows from operating activities			
Profit/(loss) for the year		**37,119**	(26,459)
Adjustments for:			
Depreciation of property, plant and equipment	8	**12,326**	12,532
Depreciation and impairment/(reversal of impairment) of right-of-use assets	10	**15,917**	18,471
Amortisation of intangible assets	9	**3,032**	4,817
Goodwill impairment	9	**-**	29,100
Net finance costs	6	**5,154**	6,873
Income tax (credit)/charge	7	**(13,277)**	7,563
Loss/(profit) on disposal of property, plant and equipment		**238**	(4,595)
Equity-settled share-based payments - expense	23	**1,502**	805
Add back income from insurance settlement	3	**-**	(1,500)
Operating profit after adjustments for non-cash items		**62,011**	47,607
Change in trade and other receivables		**3,997**	36,929
Change in inventory		**40,361**	17,790
Change in trade and other payables, provisions and deferred income		**(18,966)**	(43,352)
Cash generated from operations		**87,403**	58,974
Tax paid		**(5,159)**	(7,307)
Interest and similar charges paid		**(4,536)**	(5,270)
Net cash inflow from operating activities		**77,708**	46,397
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**782**	6,809
Acquisition of business	28	**(496)**	-
Acquisition of intangible assets	9	**(442)**	(368)
Acquisition of property, plant and equipment	8	**(10,254)**	(5,459)
Proceeds from insurance settlement	3	**-**	1,500
Net cash (outflow)/inflow from investing activities		**(10,410)**	2,482
Cash flows from financing activities			
Acquisition of non-controlling interest		**-**	(2,951)
Purchase of own shares	29	**(3,548)**	(865)
Lease liabilities principal repayments	10	**(18,422)**	(20,428)
Loan arrangement fees	14	**(2,045)**	(1,079)
Dividends paid to non-controlling interests		**-**	(2,961)
Net cash outflow from financing activities		**(24,015)**	(28,284)
Net increase in cash and cash equivalents		**43,283**	20,595
Cash and cash equivalents and bank overdrafts at beginning of the year	14	**50,234**	29,799
Effect of exchange rate fluctuations on cash held		**193**	(160)
Cash and cash equivalents and bank overdrafts at end of the year	14	**93,710**	50,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

1 Accounting policies
a. Basis of preparation
The consolidated financial statements of IG Design Group plc have been prepared in accordance with UK-adopted international accounting standards with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements that conform with adopted UK IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis (see critical accounting judgements and estimates section below). Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if relevant.

For the purposes of these financial statements 'Design Group' or 'the Group' means IG Design Group plc ('the Company') and its subsidiaries. The Company's ordinary shares are listed on the Alternative Investment Market (AIM).

The financial information set out in this document does not constitute statutory accounts for IG Design Group plc for the year ended 31 March 2024 but is extracted from the Annual Report and Financial Statements. The Annual Report and Financial Statements 2023 will be delivered to the Registrar of Companies in due course. The auditors' report on those accounts was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either Section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

The accounting policies used in the preparation of these financial statements are detailed below. These policies have been consistently applied to all financial years presented.

<u>Restatement of comparative amounts</u>
The Group has restated its prior year figures to reflect the potential liabilities relating to pre-acquisition era duties, interest, and penalties in a foreign subsidiary of the DG Americas division. This adjustment has resulted in a restatement of goodwill, as the initial acquisition accounting did not include a provision in relation to this potential liability. Consequently, the 31 March 2022 balance sheet has been adjusted by $5.8 million to restate the goodwill at acquisition (refer note 9) and a provision of $5.5 million (refer note 17) has been raised. In addition, the post-acquisition impacts on retained earnings of $456,000 and on translation reserve of $802,000 have been adjusted in the statement of changes in equity accordingly.

Presentation currency
The presentation currency of the Group is US dollars.

The functional currency of the Parent Company remains as pound sterling as it is located in the United Kingdom and substantially all of its cash flows, assets and liabilities are denominated in pound sterling, as well as its share capital. As such, the Parent Company's functional and presentational currency differs to that of the Group's reporting currency.

Seasonality of the business
The business of the Group is seasonal and although revenues accrue relatively evenly in both halves of the year, working capital requirements including inventory levels increase steadily in the first half from July and peak in October

working capital requirements including inventory levels increase steadily in the first half from July and peak in October as manufacturing and distribution of Christmas products builds ahead of distribution. The second half of the year sees the borrowing of the Group decline and move to typically a cash positive position as the Group collects its receivables through January to March.

Going concern
The Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue trading for a period of at least twelve months from the date of this report, based on an assessment of the overall position and future forecasts for the going concern period. This assessment has also considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and ability to appropriately manage any business risks.

On 5 June 2023, the business entered into a new banking facility with HSBC and NatWest bank as part of a three-year deal to meet the funding requirements of the Group. This facility comprises an Asset Backed Lending (ABL) arrangement with a maximum facility amount of $125.0 million. On 3 November 2023 the Group made an operational amendment to the ABL arrangement and signed a supplemental agreement to convert and increase the overdraft to a £17.0 million RCF facility between 17 June 2024 and 16 August 2024. This amendment offers flexibility during the months where the Group has a requirement for funding while having limited access into the ABL. Cash balances, borrowing and the financial covenants applicable to the facility are detailed in notes 14 and 15.

In addition to the above facility, the Group also increased its unsecured overdraft facility provided by HSBC to £16.5 million, which reduced to £8.5 million from August 2023. As such, after making appropriate enquires, the Directors do not see any practical, regulatory or legal restrictions which would limit their ability to fund the different regions of the business as required as the Group has sufficient resources.

The Group also has access to supplier financing arrangements from certain customers which we utilise at certain times of the year. The largest of these supplier financing arrangements are subject to the continuing support of the customers' banking partners and therefore could be withdrawn at short notice. As the new ABL arrangement is linked to trade debtors, any withdrawal of these facilities would be largely offset as the borrowing base under the facility would increase.

The Directors have assessed detailed plans and forecasts up to 30 September 2025. These forecasts reflect the fact that the Group has now returned to profitability and continues the journey to more robust performance, growing profitability and margins as a result. They also reflect the seasonal operating cycle of the business and further recovery associated with the DG Americas plan.

These forecasts have been sensitised to reflect severe but plausible adverse downturns in the current assumptions. Specifically, the severe but plausible downside scenario has taken account of the following risks:

- the potential impact of a significant disruption in one of our major customer's business, reflected in a c$15-$20 million reduction in sales performance and related cash and working capital impacts; and
- the potential impact of a significant shift in the phasing of sales in DG Americas business segments, and its resulting impact on both cash flow and facility availability over the peak periods, reflected in a c$31 million reduction in receivables at the height of impact.

In the severe but plausible scenario modelled, there remains sufficient headroom in our forecast liquidity, and sufficient headroom under the covenant requirements.

Based on this assessment, the Directors have formed a judgement that there is a reasonable expectation the Group will have adequate resources to continue in operational existence for the foreseeable future.

Changes in accounting policies
There have been no changes to accounting policies during the year.

Other standards and interpretations
The Group also adopted the following new pronouncements at the start of the year, which did not have any material impact on the Group's financial statements:

- IFRS 17 Insurance Contract
- Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2
- Amendments to IAS 'Taxation', relating to deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS8 Accounting policies, changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 - international tax reform - pillar two model rules

Certain new accounting standards and interpretations have been published that are not yet effective and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b. Basis of consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. The financial statements of subsidiaries, which we consider the Group to have control, are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expense arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

(iii) Business combinations
Business combinations are accounted for using the acquisition method as at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a 'bargain purchase' gain is recognised immediately in the income statement.

Provisional fair values allocated at a reporting date are finalised within twelve months of the acquisition date.

c. Foreign currency
Items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('functional currency').

The consolidated financial statements are presented in US dollars.

(i) Foreign currency transactions
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency of the entity at the exchange rate prevailing at that date and recognised in the income statement unless hedge accounting criteria apply (see policy for financial instruments).

(ii) Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into US dollars at the exchange rate prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates prevailing at the dates of the transactions.

Share capital, share premium, capital redemption reserve, merger reserve are denominated in pounds sterling, the Parent Company's functional currency. They are translated into US dollars at the rates of exchange at each balance sheet date and the resulting cumulative exchange differences are included in translation reserve.

(iii) Net investment in foreign operations
Exchange differences on retranslation at the closing rate of the opening balances of overseas entities are taken to other comprehensive income. They are released into the income statement upon disposal of the entities.

Exchange differences arising on foreign currency borrowings and derivatives designated as qualifying hedges are taken to other comprehensive income to the extent that they are effective. They are released into the income statement on maturity or disposal of the hedge.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income in the translation reserve. The cumulative translation differences previously recognised in other comprehensive income (or where the foreign operation is part of a subsidiary, the parent's interest in the cumulative translation differences) are released into the income statement upon disposal of the foreign operation or on loss of control of the subsidiary that includes the foreign operation. Other exchange differences are taken to the income statement.

d. Financial instruments
Interest-bearing loans and borrowings and other financial liabilities (excluding derivatives and put options over non-controlling interests) are held at amortised cost, unless they are included in a hedge accounting relationship.

Derivatives are measured initially at fair value. Subsequent measurement in the financial statements depends on the classification of the derivative as follows:

(i) Fair value hedges
Where a derivative is used to hedge the foreign exchange exposure of a monetary asset or liability, any gain or loss on the derivative is recognised in the income statement.

(ii) Cash flow hedges
Where a derivative is designated as a hedging instrument in a cash flow hedge, the change in fair value is recognised in other comprehensive income to the extent that it is effective and any ineffective portion is recognised in the income statement. Where the underlying transaction results in a financial asset, accumulated gains and losses are recognised in the income statement in the same period as the hedged item affects profit or loss.

Where the hedged item results in a non-financial asset, the accumulated gains and losses previously recognised in other comprehensive income are included in the initial carrying value of the asset.

(iii) Unhedged derivatives
The movements in the fair value of unhedged derivatives are charged/credited to the income statement.

The potential cash payments relating to put options issued by the Group over the non-controlling interest of subsidiary companies acquired are measured at estimated fair value and accounted for as financial liabilities. Subsequent to initial recognition, any changes to the carrying amount of non controlling interest put option liabilities are recognised through equity.

e. Cash and cash equivalents
Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents in the statement of cash flows.

f. Loans and borrowings
Loans and borrowings are initially measured at cost (which is equal to fair value at inception) and are subsequently measured at amortised cost using the effective interest method.

g. Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, which is generally equivalent to recognition at nominal value less impairment loss calculated using the expected loss model.

The Group applies a simplified model to recognise lifetime expected credit losses for its trade receivables and other receivables, including those due in greater than twelve months, by making an accounting policy election. For any receivables not expected to be paid, an expected credit loss of 100% is recognised at the point this expectation arises. For all other receivables, the expected loss is calculated based on reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

h. Trade and other payables

h. Trade and other payables
Trade payables are non-interest bearing and are recognised initially at fair value and subsequently at amortised cost.

i. Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment or other assets have different useful lives, they are accounted for as separate items. The carrying values of property, plant and equipment and other assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Property, plant and equipment are depreciated over their estimated remaining useful lives on a straight-line basis using the following estimated useful lives:

Land and buildings	
- Freehold land	Not depreciated
- Buildings	25-30 years or life of lease
Plant and equipment	4-25 years
Fixtures and fittings	3-5 years
Motor vehicles	4 years

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date. Included within plant and equipment are assets with a range of depreciation rates. These rates are tailored to the nature of the assets to reflect their estimated useful lives.

Where the Group identifies assets held for sale, they are held at the lower of current value and fair value less costs to sell.

j. Lease liabilities and lease right of-use assets
The Group leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods of one to 20 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases greater than twelve months in length, and those not of low value, are recognised as a lease right-of use asset with the associated future lease payment terms recognised as a lease liability. The right-of-use assets and the associated lease liabilities are recognised by unwinding the future lease payments at the rate implicit to the lease or, if the rate implicit to the lease cannot be readily determined, at the relevant incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease right-of-use assets are amortised over their useful economic lives or the lease term, whichever is shorter. The lease liabilities are derecognised by applying the future lease payments.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Rentals associated with leases that are of low value or less than twelve months in length are expensed to the income statement on a straight-line basis. The associated lease incentives are amortised in the income statement over the life of the lease.

On acquisition, right-of-use assets and lease liabilities are recognised in accordance with IFRS 16. The acquired lease liability is measured as if the lease contract was a new lease at the acquisition date. The right-of-use asset is measured at an amount equal to the recognised lease liability.

The right of use asset is adjusted to reflect any favourable or unfavourable terms of the lease relative to market terms.

Right-of-use assets are impaired in line with the impairment accounting policy below.

k. Intangible assets
(i) Goodwill
Goodwill is stated at cost less any impairment losses.

Acquisitions are accounted for using the purchase method. For acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the fair value of the assets given in consideration and the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. For acquisitions made before 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount previously recorded under UK GAAP.

The Group has expensed costs attributable to acquisitions in the income statement. Given their one off nature, these costs are generally presented within adjusting items.

(ii) Acquired intangible assets
An intangible asset acquired in a business combination is recognised at fair value. Intangible assets principally relate to customer relationships, which are valued using discounted cash flows based on historical customer attrition rates, and trade names/brand, which are valued using an income approach. The cost of intangible assets is amortised through the income statement on a straight line basis over their estimated useful economic life and as these are assets directly attributed to the acquisition of a business, the amortisation costs are also presented within adjusting items.

(iii) Other intangible assets
Other intangible assets which are not acquired through a business combination are recognised at cost, to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, and amortised on a straight-line basis over their estimated useful economic life.

Intangibles are amortised over their estimated remaining useful lives on a straight-line basis as follows:

Goodwill	Not amortised
Computer software	3-5 years
Trade names	3-5 years
Customer relationships	3-15 years
Other intangibles	3-5 years

Customer relationships are wide ranging in useful economic lives, from shorter relationships derived from smaller acquisitions to the long relationship with Walmart acquired as part of the acquisition of Impact Innovations, Inc. ('Impact') in August 2018.

l. Impairment
All assets are reviewed regularly to determine whether there is any indication of impairment. Goodwill is tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of a non financial asset or the cash generating unit (CGU) to which it belongs exceeds its recoverable amount, being the greater of value in use and fair value less costs to sell, and is recognised in the income statement. Value in use is estimated based on future cash flows discounted using a pre-tax discount rate based upon the Group's weighted average cost of capital.

Financial assets are assessed for impairment using the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The reversal of an impairment loss should be recognised if there has been a sustainable change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Impairment losses relating to goodwill are not permitted to be reversed.

m. Inventories
Inventories are valued at the lower of cost (on a weighted average basis) and net realisable value. For work in progress and finished goods, cost includes an appropriate proportion of labour cost and overheads based on normal operating capacity. For acquisitions, inventory acquired will be assessed for fair value in accordance with IFRS 3 and if applicable an uplift applied to inventory on hand relating to sales orders already attached to the acquired inventory. The unwind of the uplift in value is treated as an adjusting item.

n. Income tax
Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using the applicable tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in prior years. Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: initial recognition of goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are impaired to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

o. Revenue
Revenue from the sale of goods is recognised in the income statement net of expected discounts, rebates, refunds, credits, price concessions or other similar items, when the associated performance obligation has been satisfied, and control of the goods has been transferred to the customer.

The Group recognises revenue on sales of Celebrations, Craft & creative play, Stationery, Gifting and 'Not for resale' consumable products across two reporting segments. Typically, the products that we supply form the only performance obligations within a customer agreement, and although the Group can provide ancillary services such as merchandising, these are not separately identifiable obligations. Each customer arrangement/contract is assessed to identify the performance obligations being provided to the customer. Where distinct performance obligations are deemed to exist, an element of revenue is apportioned to that obligation.

Revenue from sales is recognised based on the price specified in the contract, net of any estimated volume discounts, rebates and sell-through provisions. Accumulated experience is used to estimate and provide for these discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for these items payable to customers based on sales made in the period. No significant element of financing is deemed present as the majority of sales are made with credit terms of 30 120 days, which is consistent with market practice.

A significant part of the Group's businesses sell goods on a 'free on board' (FOB) basis, where the Group as the seller makes its goods ready for collection at its premises on an agreed upon sales date and the buyer incurs all transportation and handling costs and bears the risks for bringing the goods to their chosen destination. In this situation, revenue is recognised on collection by the customer.

Where the Group operates non FOB terms with customers, revenue is recognised when the control of the goods has been transferred to the customer. These terms include consignment stock agreements, where revenue is recognised upon the customer removing goods from consignment stock.

p. Finance income and costs
Finance income and expense is recognised in the income statement as it accrues. Finance costs comprise interest payable, finance charges on finance leases, interest on lease liabilities, amortisation of capitalised fees and unwinding of discounts on provisions. Net movements in the fair value of derivatives which have not been designated as an effective hedge, and any ineffective portion of fair value movement on derivatives designated as a hedge, are

also included within finance income or expense.

q. Supplier financing
The Group is party to supplier financing arrangements with one of its key customers. This arrangement is considered non-recourse factoring and on receipt of payment from the banks the associated trade receivable is derecognised in accordance with IFRS 9.

r. Segment reporting
A segment is identified on the basis of internal reports that are regularly reviewed by the Board in order to allocate resources to the segment and assess its performance.

s. Pensions
(i) Defined contribution schemes
Obligations for contributions to defined contribution pension schemes are expensed to the income statement as incurred.

(ii) Defined benefit schemes
Two pension schemes, one of which is in the Netherlands and the other in the UK, are defined benefit schemes.

The Netherlands subsidiary operates an industrial defined benefit fund, based on average wages, that has an agreed maximum contribution. The pension fund is a multi employer fund and there is no contractual or constructive obligation for charging the net defined benefit cost of the plan to participating entities other than an agreed maximum contribution for the period, that is shared between employer (4/7) and employees (3/7).

The Dutch Government is not planning to make employers fund any deficits in industrial pension funds; accordingly, the Group treats the scheme as a defined contribution scheme for disclosure purposes. The Group recognises a cost equal to its contributions payable for the period.

Following the acquisition of CSS, on 3 March 2020, the Group also administers a defined benefit scheme in the UK.

The net obligation for this scheme is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of the scheme assets is deducted. The calculation is performed by a qualified independent actuary.

t. Share-based payments
The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which they are granted. The fair value is determined by using an appropriate pricing model. The fair value cost is then recognised over the vesting period, ending on the date on which the relevant employees become fully entitled to the award.

The quantum of awards expected to vest and the relevant cost charged is reviewed annually such that at each balance sheet date the cumulative expense is the relevant share of the expected total cost, pro-rated across the vesting period.

No expense is recognised for awards that are not expected to ultimately vest, for example due to an employee leaving or business performance targets not being met. The annual expense for equity-settled transactions is recognised in the income statement with a corresponding entry in equity.

In the event that any scheme is cancelled, the Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The Group calculates this charge based on the number of the awards expected to achieve the performance conditions immediately before the award was cancelled.

Employer social security charges are accrued, where applicable, at a rate which management expects to be the prevailing rate when share based incentives are exercised and is based on the latest market value of options expected to vest or those already vested.

Deferred tax assets are recognised in respect of share-based payment schemes when deferred tax assets are recognised in that territory.

u. Investment in own shares
The shares held in the Group's Employee Benefit Trust (IG Employee Share Trustee Limited) for the purpose of fulfilling obligations in respect of share option plans are treated as belonging to the Company and are deducted from its retained earnings. The cost of shares held directly (treasury shares) is also deducted from retained earnings.

v. Provisions
A provision is recognised when there is a probable legal or constructive obligation as a result of a past event and a reliable estimate can be made of the outflow of resources that will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as borrowing costs.

w. Government grants
Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are included within deferred income on the balance sheet and are released to the income statement on a straight-line basis over the expected useful lives of the relevant assets.

x. Dividends
Dividends are recognised as a liability in the period in which they are approved by the shareholders of the Company (final dividend) or paid (interim dividend).

y. Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Costs directly attributable to the arrangement of new borrowing facilities are included within the fair value of proceeds received and amortised over the life of the relevant facilities. Other borrowing costs, which can include costs associated with the extension of existing facilities, are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

z. Use of non-GAAP measures
These financial statements include alternative performance measures (APMs) that are presented in addition to the standard GAAP metrics.

The Directors believe that these APMs provide important additional information regarding the underlying performance of the business including trends, performance and position of the Group. APMs are used to enhance the comparability of information between reporting periods and segmental business units by adjusting for factors which affect IFRS measures, to aid the understanding of the Group's performance. Consequently, APMs are used by the Directors and management for strategic and performance analysis, planning, reporting and reward setting. The APMs are Adjusted EBITDA, Adjusted operating profit/(loss), Adjusted profit/(loss) before tax, Adjusted profit/(loss) after tax and Adjusted earnings/(loss) per share.

Adjusting items are items that are material and/or, in the judgement of the Directors, of an unusual or non recurring nature. These items are adjusted to present the performance of the business in a consistent manner and in line with how the business is managed and measured on a day to day basis. They are gains or costs associated with events that are not considered to form part of the core operations, or are considered to be a non-recurring event (although they may span several accounting periods) including fair value adjustments to acquisitions.

Further detail of adjusting items can be seen in note 3 to the financial statements.

aa. Like-for-like comparators
Figures quoted at like-for-like exchange rates are calculated by retranslating the prior year figures at the current year exchange rates.

Key accounting judgements and estimates
The following provides information on those policies that management considers key because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Group's performance and financial position.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Accounting judgements
(i) Adjusting items
Judgement is required to determine whether items are appropriately classified as adjusting items and that the values assigned are appropriate. Adjusting items relate to impairments of assets, costs associated with acquisitions or disposals, and significant items by virtue of their size or incidence. Adjusting items are approved by the Board. Further details on the rationale for classification are disclosed in note 3.

(ii) Taxation
Judgement is required in determining the Group's tax assets and liabilities. Deferred tax assets have been recognised to the extent that management believe that they are recoverable based on profit projections for future years. These forecasts are consistent with those used elsewhere in the financial statements (including impairment). Note 11 provides information on the gross temporary differences and unused tax losses on which deferred tax assets have not been recognised.

Accounting estimates
(i) Taxation
Included within current tax liabilities are estimations related to uncertain tax positions. These calculations are based on management's best estimates of potential tax liabilities that could arise in the future. These estimates are reassessed when facts and circumstances change.

(ii) Lease asset impairments
The Group has impaired the right of use assets in respect of several properties that the Group has exited as part of the ongoing DG Americas integration. This is based on the properties themselves being a CGU in line with IAS 36 as they are being actively marketed for sub tenants.

The impairments are assessed at each reporting date and if necessary reversed should there be available sub tenants for the properties, or early termination agreed with the landlord.

A portion of an impaired lease in Budd Lake, New Jersey was reacquired by the Landlord, resulting in a reversal of impairment of $553,000. In the year to 31 March 2023, the decision was made to exit Clara City, Minnesota in the year, resulting in a lease impairment of $757,000. As at 31 March 2024, for the remaining impaired properties, the Group had no offers from potential sub-tenants and given that this position is expected to continue for the foreseeable future, these leased properties remain impaired in full. As at 31 March 2024, if there was a reversal of the remaining impaired right-of-use assets, the right of-use assets would increase by $2.0 million (2023: $4.7 million).

(iii) Provision for slow-moving inventory
The Group has guidelines for providing for inventory which may be sold below cost due to its age or condition.

The Directors assess the inventory at each location and in some cases decide that there are specific reasons to provide more than the guideline levels, or less if there are specific action plans in place which mean the guideline provision level is not required. Determining the level of inventory provision requires an estimation of likely future realisable value of the inventory in various time frames and comparing with the cost of holding inventory for those time frames.

This is not a precise estimate and is based on best data at the time of recognition. Regular monitoring of inventory levels, the ageing of inventory and the level of the provision is carried out by the Directors to reassess this estimate. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31 March 2024, inventory provisions were $31.1 million against a gross inventory value of $196.5 million (2023: $36.5 million provision, $243.2 million gross inventory value).

This provision estimate is subject to potential material change, for example if market conditions change because expected customer demand fluctuates, or shipping delays reduce our ability to deliver on time and in full.

(iv) Provision for pre-acquisition era duties
In preparing the financial statements, management has made significant estimates and assumptions to determine the potential liability for duties, penalties and interest related to pre-acquisition periods. These estimates involve assessing historical data, interpreting relevant tax and legal regulations, and considering potential outcomes of discussions with tax authorities. Given the complexity and uncertainty surrounding these liabilities, management has

utilised external consultations to ensure that the provisions are reasonable and reflect the most probable outcomes.

The provision raised comprises three elements: a provision for duties of $0.7 million, a provision for interest thereon of $1.9 million, and a provision for penalties of $2.8 million. There is less variability around the duties and interest portion of the provision. The provision for penalties however contains a degree of uncertainty until realisation. Should the authorities apply the harshest possible range of penalties, the penalties could reach up to $30.0 million. We consider the potential of this to be extremely remote given the facts and circumstances surrounding the matter. The provision raised of $2.8 million is managements' best estimate based on the facts and circumstances and professional advice obtained and adjustments to these estimates may be required in future periods as new information becomes available or as circumstances change.

2 Segmental information

The Group has one material business activity, being the design, manufacture and distribution of Celebrations, Craft & creative play, Stationery, Gifting and 'Not-for-resale' consumable products.

The business operates under two reporting segments which are reported to, and evaluated by, the Chief Operating Decision Makers for the Group. The DG Americas segment includes overseas operations in Asia, Australia, UK, India and Mexico, being the overseas entities of US companies. The DG International segment comprises the consolidation of the separately owned businesses in the UK, Asia, Europe and Australia.

Inter segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Financial performance of each segment is measured on adjusted operating profit before management recharges. Interest and tax are managed on a Group basis and not split between reportable segments. However, the related financial liability and cash has been allocated out into the reportable segments as this is how they are managed by the Group.

Segment assets are all non-current and current assets, excluding deferred tax and income tax, which are shown in the eliminations column. Inter segment receivables and payables are not included within segmental assets and liabilities as they eliminate on consolidation.

	DG Americas[(a)]	**DG International**	**Central and eliminations**	**Group**
	$000	**$000**	**$000**	**$000**
Year ended 31 March 2024				
Revenue - external	**500,310**	**299,741**	**-**	**800,051**
- inter-segment	**-**	**33**	**(33)**	**-**
Total segment revenue	**500,310**	**299,774**	**(33)**	**800,051**
Segment profit/(loss) before adjusting items	**6,768**	**32,257**	**(7,927)**	**31,098**
Adjusting items (note 3)	**(1,892)**	**(210)**	**-**	**(2,102)**
Operating profit/(loss)	**4,876**	**32,047**	**(7,927)**	**28,996**
Finance income				**1,065**
Finance costs				**(6,219)**
Income tax				**13,277**
Profit for the year ended 31 March 2024				**37,119**
Balances at 31 March 2024				
Segment assets	**353,706**	**194,348**	**113,289**	**661,343**
Segment liabilities	**(138,722)**	**(78,443)**	**(74,691)**	**(291,856)**
Capital expenditure additions				
- property, plant and equipment	**5,483**	**6,327**	**53**	**11,863**
- property, plant and equipment on acquisition of business	**-**	**84**	**-**	**84**
- intangible assets	**390**	**52**	**-**	**442**
- intangible assets on acquisition of business	**-**	**278**	**-**	**278**
- right-of-use assets	**4,389**	**2,224**	**-**	**6,613**
Depreciation - property, plant and equipment	**6,776**	**5,526**	**24**	**12,326**
Amortisation - intangible assets	**2,897**	**135**	**-**	**3,032**
Depreciation - right-of-use assets	**11,525**	**4,938**	**7**	**16,470**
Reversal of impairment - right-of-use assets	**(553)**	**-**	**-**	**(553)**
(Loss)/profit on disposal of property, plant and equipment	**(279)**	**41**	**-**	**(238)**

(a) Including overseas entities for the Americas operating segment.

	DG Americas[(a)]	DG International	Central and eliminations	Group
	$000	$000	$000	$000
Year ended 31 March 2023				
Revenue - external	592,954	297,355	-	890,309
- inter-segment	-	2,283	(2,283)	-
Total segment revenue	592,954	299,638	(2,283)	890,309
Segment profit/(loss) before adjusting items	2,918	19,827	(6,696)	16,049
Adjusting items (note 3)	1,701	(29,773)	-	(28,072)
Operating (loss)/profit	4,619	(9,946)	(6,696)	(12,023)
Finance costs				(6,873)
Income tax				(7,563)
Loss for the year ended 31 March 2023				(26,459)
Balances at 31 March 2023				
Segment assets (restated)[(c)]	376,084	201,650	46,894	624,628
Segment liabilities (restated)[(c)]	(161,515)	(96,588)	(31,803)	(289,906)
Capital expenditure additions				
- property, plant and equipment	2,452	2,941	66	5,459
- intangible assets	331	37	-	368
- right-of-use assets	727	4,094	24	4,845
Depreciation - property, plant and equipment	7,291	5,226	15	12,532
Amortisation - intangible assets	4,673	144	-	4,817
Impairment - intangible assets	-	29,100	-	29,100
Depreciation - right-of-use assets	12,615	5,090	9	17,714
Impairment - right-of-use assets	757	-	-	757
Profit on disposal of property, plant and equipment[(b)]	4,493	102	-	4,595

(a) Including overseas entities for the Americas operating segment.

(a) Including overseas entities for the Americas operating segment.
(b) Includes $4.6 million relating to the profit on sale of a property owned by the Group in Manhattan, Kansas; see note 3.
(c) Restated see note 1 for further details.

- The Group has one customer that accounts for 24% (2023: 24%) of the total Group revenues. In the year ended 31 March 2024 total sales to that customer were $193.4 million (2023: $215.2 million). This customer falls solely within the DG Americas operating segment above. No other single customer accounts for over 10% of total sales.

- The assets and liabilities that have not been allocated to segments include deferred tax assets of $39.1 million (2023: $15.4 million), income tax receivable of $2.5 million (2023: $2.4 million), income tax payable of $12.4 million (2023: $6.9 million) and deferred tax liabilities of $150,000 (2023: $221,000).

The Group's information about its segmental assets (non-current assets excluding deferred tax assets and other long-term assets) and revenue by customer destination are detailed below:

	Non-current assets	
		Restated[b]
	2024	2023
	$000	$000
USA[a]	**136,520**	150,459
UK	**27,713**	29,030
Netherlands	**27,587**	25,086
Other	**9,111**	12,196
	200,931	216,771

(a) These figures include overseas entities relating to the DG Americas operating segment. The overseas entities element is not material, and this information is not readily available.
(b) Restated - see note 1 for further details.

Revenue by customer destination

	2024	2023	**2024**	2023
	$000	$000	**%**	%
Americas[a]	**526,203**	607,470	**66**	68
UK	**88,827**	94,524	**11**	11
Rest of the world	**185,021**	188,315	**23**	21
	800,051	890,309	**100**	100

(a) Included within Americas is $498.5 million (2023: $577.2 million) relating to the country, USA.

All revenue arose from the sale of goods.

3 Operating expenses and adjusting items
Included in the income statement are the following charges/(credits):

	Note	**2024** **$000**	2023 $000
Depreciation of tangible fixed assets	8	**12,326**	12,532
Depreciation of right-of-use assets	10	**16,470**	17,714
(Reversal of impairment)/impairment of right-of-use assets	10	**(553)**	757
Loss/(profit) on disposal of property, plant and equipment and intangible assets		**238**	(4,595)
Release of deferred grant income	5	**(211)**	(111)
Goodwill impairment	9	**-**	29,100
Amortisation of intangible assets - software	9	**1,225**	2,066
Amortisation of intangible assets - other	9	**1,807**	2,751
Sub-lease rental income	5	**(687)**	(1,253)
Provision for obsolete and slow-moving inventory	12	**13,422**	19,295
Reversal of previous write downs of inventory	12	**(4,548)**	(6,436)
Loss on foreign exchange		**835**	719

Total administration expenses of $70.0 million (2023: $104.2 million) includes $nil million (2023: $29.1 million) goodwill impairment as noted above.

	2024 **$000**	2023 $000
Operating profit analysed as:		
Adjusted operating profit	**31,098**	16,049
Adjusting items	**(2,102)**	(28,072)
Operating profit/(loss)	**28,996**	(12,023)

Adjusting items

Year ended 31 March 2024	**Cost of sales $000**	**Admin expenses - costs $000**	**Other operating income $000**	**Profit on disposal of property, plant and equipment $000**	**Admin expenses - impairment of goodwill $000**	**Total $000**
Integration and restructuring costs/(income)[1]	**548**	**(249)**	**-**	**-**	**-**	**299**
Amortisation of acquired intangibles[2]	**-**	**1,803**	**-**	**-**	**-**	**1,803**
Adjusting items	**548**	**1,554**	**-**	**-**	**-**	**2,102**

	Cost of	Admin expenses	Other operating	Profit on disposal of property,	Admin expenses - impairment

Year ended 31 March 2023	sales $000	- costs $000	income $000	plant and equipment $000	of goodwill $000	Total $000
Integration and restructuring costs/(income)(1)	1,479	1,031	-	(4,493)	-	(1,983)
Amortisation of acquired intangibles(2)	-	2,751	-	-	-	2,751
Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses(3)	-	-	(1,500)	-	-	(1,500)
IT security incident income(4)	-	(142)	-	-	-	(142)
Goodwill impairment(5)	-	-	-	-	29,100	29,100
Reversal of impairment of assets(6)	(154)	-	-	-	-	(154)
Adjusting items	1,325	3,640	(1,500)	(4,493)	29,100	28,072

Adjusting items are separately presented by virtue of their nature, size and/or incidence. These items are material items of an unusual or non-recurring nature which represent gains or losses and are presented to allow for the review of the performance of the business in a consistent manner and in line with how the business is managed and measured on a day-to-day basis and allow the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations. They are typically gains or costs associated with events that are not considered to form part of the core operations, or are considered to be a 'non-recurring' event (although they may span several accounting periods).

These (gains)/losses are broken down as follows:

(1) Integration and restructuring costs/(income)

In order to realise synergies from acquisitions, or existing businesses, integration and restructuring projects are respectively undertaken that aim to deliver future savings and efficiencies for the Group. These are projects outside of the normal operations of the business and typically incur one-time costs to ensure successful implementation. As such, it is appropriate that costs associated with projects of this nature be included as adjusting items. The income/costs incurred relate to the reorganisation and business simplification in DG Americas and the reorganisation of the DG UK and Asia businesses as follows:

Reversal of impairment: Following the integration of DG Americas' sites in FY2021, a portion of a leased site in Budd Lake, New Jersey, was exited, and the right-of-use asset was impaired. In the period ended 31 March 2024, the landlord reacquired a portion of the impaired site resulting in a reversal of impairment of $553,000.

DG Americas and DG UK business reorganisation: Further costs were incurred following the March 2023 announcements of business reorganisation and simplification. In the period ended 31 March 2024, the DG Americas business had further restructuring costs, relating to staff, of $642,000 (2023: $782,000) and the DG UK business (and its subsidiary in Asia) incurred further restructuring costs of $210,000 (2023: $713,000), which also related to staff.

Site closures: In FY2023, a property in Manhattan, Kansas was sold for proceeds of $6.7 million, resulting in a profit on disposal of $4.6 million recognised as an adjusting item. In addition to this there was a loss on sale of equipment of $100,000 in relation to assets disposed of during the exit of a site in Clara City, Minnesota. Additionally, in FY2023 costs of $273,000 and a $757,000 impairment to a right-of-use asset were incurred in relation to the relocation and closure of these sites, as well as the consolidation of other US sites.

(2) Amortisation of acquired intangibles

Under IFRS, as part of the acquisition of a company, it is necessary to identify intangible assets such as customer lists and trade names which form part of the intangible value of the acquired business but are not part of the acquired balance sheet. These intangible assets are then amortised to the income statement over their useful economic lives. These are not operational costs relating to the running of the acquired business and are directly related to the accounting for the acquisition. As such, we include these as adjusting items. In the current year, the amortisation relates to brands acquired as part of the acquisition of Impact, with the tradenames and brands related to CSS having been fully amortised in the prior year.

(3) Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses

Costs directly associated with acquisitions, including legal and advisory fees on deals, form part of our reported results on an IFRS basis. These costs, however, in the Board's view, form part of the capital transaction, and as they are not attributed to investment value under IFRS 3, they are included as an adjusting item. Furthermore, gains or losses on the disposal of businesses, including any transaction costs associated with the disposal, are treated as adjusting items.

In FY2023, $1.5 million of insurance income was received in relation to the Impact Innovations, Inc (Impact) Representations and Warranties insurance settlement in connection with accounting and tax issues present at acquisition in August 2018.

(4) IT security incident income

The IT security incident which occurred in DG Americas in October/November 2020 resulted in one-off costs of $2.2 million being incurred during the year ended 31 March 2021. This did not include the lost profits incurred as a result of downtime in the business for which an insurance claim was made. In FY2023 further insurance income was received of $142,000 in relation to this incident. The treatment of this income as adjusting, follows the previous treatment of the one-off costs as adjusting.

(5) Goodwill impairment

In FY2023 an impairment of $29.1 million was recorded to write down the goodwill from historical acquisitions in the UK and Asia Cash-Generating Unit (CGU).

This followed the deterioration of the results experienced in the DG UK and Asia CGU in the second half of 2023 which impacted its longer-term forecasts for future cash flows, and was further exacerbated by the significant increase in the discount rate, mainly as a result of higher interest rates.

(6) Reversal of impairment of assets

In FY2023 a credit of $154,000 was recognised relating to the reversal of Covid-19 related impairments no longer required. There are no remaining provisions relating to these costs.

The cash flow effect of adjusting items

There was a $2.1 million net outflow in the current period's cash flow (2023: $6.9 million net inflow) relating to adjusting items which included $1.5 million outflow (2023: $1.1 million) deferred from prior years.

Auditors' remuneration:

	2024 $000	2023 $000
Amounts receivable by auditor and its associates in respect of:		
Audit of these financial statements	**1,610**	1,192
Audit of financial statements of subsidiaries pursuant to legislation		
- Overseas subsidiaries	**155**	145
Other audit related assurance services - review of interim report	**117**	85

4 Staff numbers and costs

The average monthly number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2024	2023
Selling and administration	**1,105**	1,215
Production and distribution	**1,661**	1,877
Temporary and agency staff	**535**	624
	3,301	3,716

The aggregate payroll costs of these persons were as follows:

	Note	2024 $000	2023 $000
Wages and salaries		**147,261**	151,284
Share-based payments	23	**1,502**	805
Social security costs		**13,878**	12,993
Other pension costs		**2,950**	3,176
Temporary employee costs		**10,662**	15,023
		176,253	183,281

For information on Directors' remuneration please refer to the section titled 'Directors' remuneration' within the Directors' remuneration report within the Group's audited financial statements.

5 Other operating income

	2024 $000	2023 $000
Grant income	**211**	111
Sub-lease rental income	**687**	1,253
Other items	**1,005**	87
Other operating income before adjusting items	**1,903**	1,451
Adjusting items (note 3)	**-**	1,500
	1,903	2,951

Included in Other items is insurance income of $850,000 relating to a claim for damaged inventory.

6 Finance income and costs

Finance income	2024 $000	2023 $000
Interest receivable on bank deposits	**971**	-
Derivative financial instruments at fair value through the income statement	**94**	-
	1,065	-

Finance costs	2024 $000	2023 $000
Interest payable on bank loans and overdrafts	**1,567**	1,992
Other similar charges	**2,248**	1,854
Lease liability interest	**2,336**	2,903
Unwinding of fair value discounts	**68**	106
Interest payable under the effective interest method	**6,219**	6,855
Derivative financial instruments at fair value through the income statement	**-**	18
	6,219	6,873

7 Income tax charge

Recognised in the income statement

	2024 $000	2023 $000
Current tax charge		
Current year	**10,295**	6,910
Adjustments in respect of previous years	**236**	65
	10,531	6,975
Deferred tax (credit)/charge		
Recognition of deferred tax assets	**(21,313)**	
Origination and reversal of temporary differences	**(1,165)**	(1)
Adjustments in respect of previous periods	**(1,330)**	589
	(23,808)	588
Total tax in income statement	**(13,277)**	7,563
Total tax charge on adjusting items		
Total tax on profit before adjusting items	**8,528**	7,806
Total tax on adjusting items	**(21,805)**	(243)
Total tax (credit)/charge in income statement	**(13,277)**	7,563

Reconciliation of effective tax rate

	2024 $000	2023 $000

Profit/(Loss) before tax	**23,842**	(18,896)
Profit before tax multiplied by the standard rate of corporation tax of 25% in the UK (2023: 19%)	**5,961**	(3,590)
Effects of:		
Income not taxable	**(11)**	(50)
Expenses not deductible for tax purposes - impairment	**-**	5,529
Expenses not deductible for tax purposes - other	**1,018**	629
Derecognition of deferred tax assets	**-**	-
Effect of tax rate changes	**-**	-
Differences between UK and overseas tax rates	**(137)**	1,701
Movement in uncertain tax provisions	**1,585**	716
Recognition of deferred tax assets	**(21,313)**	
Other items	**(36)**	(210)
Adjustments in respect of previous periods	**(1,094)**	654
Current year losses for which no deferred tax asset is recognised	**750**	2,184
Total tax (credit)/charge in income statement	**(13,277)**	7,563

See note 11 for further details.

OECD Pillar Two

On 20 June 2023, the Finance (No.2) Act 2023 was enacted in the UK, including legislation to implement the OECD Pillar Two
income taxes and will come into effect from 1 April 2024. This UK legislation includes an income inclusion rule, which is designed to ensure a minimum effective tax rate of 15% in each country in which the Group operates (Pillar Two income taxes). Similar legislation is being enacted by other governments around the world. The Group is within the scope of this legislation. The Group has applied the mandatory temporary exception in the Amendments to IAS 12 issued in May 2023 and endorsed in July 2023, and has not recognised or disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

There is no current tax impact on the financial statements as at 31 March 2024 because the rules do not apply to the Group until 1 April 2024. Based on an assessment of the data for the year ended 31 March 2023, the Group has a qualifying Country by Country report (CbCR) and all territories have passed the transitional safe harbours. The Group also expects to have qualifying CbCR reports for the subsequent years for which the transitional safe harbours are available and therefore has the opportunity for each year to potentially meet the transitional safe harbours. Based on an initial assessment of the provisional data for the year ended 31 March 2024, as well as the forecast data, we do not expect the impact of Pillar Two income taxes to be material.

8 Property, plant and equipment

	Land and buildings		Plant and	Fixtures and	Motor	
	Freehold $000	Leasehold $000	equipment $000	fittings $000	vehicles $000	Total $000
Cost						
Balance at 1 April 2022	45,578	5,692	112,826	7,346	2,391	173,833
Additions	285	271	3,888	710	305	5,459
Disposals	-	(195)	(55)	(972)	(219)	(1,441)
Effect of movements in foreign exchange	(986)	(302)	(3,502)	(365)	(139)	(5,294)
Balance at 31 March 2023	44,877	5,466	113,157	6,719	2,338	172,557
Additions	**443**	**285**	**10,535**	**400**	**200**	**11,863**
Additions on acquisitions of a business	**-**	**-**	**84**	**-**	**-**	**84**
Transfer to assets held for sale	**(2,656)**	**-**	**-**	**-**	**-**	**(2,656)**
Disposals	**-**	**-**	**(2,163)**	**(193)**	**(133)**	**(2,489)**
Effect of movements in foreign exchange	**169**	**(103)**	**76**	**-**	**(18)**	**124**
Balance at 31 March 2024	**42,833**	**5,648**	**121,689**	**6,926**	**2,387**	**179,483**
Depreciation and impairment						
Balance at 1 April 2022	(19,672)	(4,020)	(64,411)	(4,978)	(1,841)	(94,922)
Depreciation charge for the year	(1,930)	(892)	(8,569)	(934)	(207)	(12,532)
Disposals	-	186	37	940	214	1,377
Effect of movements in foreign exchange	728	200	2,556	232	110	3,826
Balance at 31 March 2023	(20,874)	(4,526)	(70,387)	(4,740)	(1,724)	(102,251)
Depreciation charge for the year	**(1,899)**	**(738)**	**(8,934)**	**(545)**	**(210)**	**(12,326)**
Transfer to assets held for sale	**870**	**-**	**-**	**-**	**-**	**870**
Disposals	**-**	**-**	**1,164**	**194**	**111**	**1,469**
Effect of movements in foreign exchange	**(173)**	**98**	**(110)**	**(5)**	**7**	**(183)**
Balance at 31 March 2024	**(22,076)**	**(5,166)**	**(78,267)**	**(5,096)**	**(1,816)**	**(112,421)**
Net book value						
At 31 March 2024	**20,757**	**482**	**43,422**	**1,830**	**571**	**67,062**
At 31 March 2023	24,003	940	42,770	1,979	614	70,306

During the year a property in Berwick, Pennsylvania (DG Americas) with a net book value of $1.6 million and a property in Hirwaun, Wales (DG International) with a net book value of $174,000 were reclassified to assets held for sale. Both properties are no longer needed to meet the requirements of the business and are currently being actively marketed for sale with a sale expected within the next financial year. The carrying values are less than fair value less costs to sell so no impairment loss has been recognised.

Depreciation is charged to cost of sales, selling costs or administration costs within the income statement depending on the department to which the assets relate.

Included in Other financial liabilities (note 18) is $1.6 million (2023: £nil) fixed asset creditor.

Security

Certain freehold properties with a cost of $13.6 million in the UK were subject to a fixed charge in support of the ABL banking facility, other fixed assets are secured with an all-assets lien on all existing and future assets of the loan parties (see note 15 for further details).

9 Intangible assets

	Goodwill $000	Computer software $000	Trade names $000	Customer relationships $000	Other intangibles $000	Total $000
Cost						
Balance at 1 April 2022	100,068	14,493	5,258	24,086	171	144,076
Restatement (note 1)	5,808					5,808
Balance at 1 April 2022 (restated)	105,876	14,493	5,258	24,086	171	149,884
Additions	-	272	-	-	96	368
Disposals	-	(224)	-	-	-	(224)
Effect of movements in foreign exchange	(2,662)	(186)	(27)	(99)	(6)	(2,980)
Balance at 31 March 2023 (restated)	103,214	14,355	5,231	23,987	261	147,048
Additions	**-**	**361**	**-**	**-**	**81**	**442**
Additions on acquisition of business	**206**	**-**	**50**	**22**	**-**	**278**
Disposals	**-**	**(1,748)**	**-**	**-**	**-**	**(1,748)**
Effect of movements in foreign exchange	**576**	**(6)**	**(8)**	**(22)**	**(2)**	**538**
Balance at 31 March 2024	**103,996**	**12,962**	**5,273**	**23,987**	**340**	**146,558**
Amortisation and impairment						
Balance at 1 April 2022	(13,151)	(10,834)	(4,310)	(8,241)	(142)	(36,678)
Amortisation charge for the year	-	(2,066)	(948)	(1,803)	-	(4,817)
Impairments	(29,100)	-	-	-	-	(29,100)
Disposals	-	224	-	-	-	224
Effect of movements in foreign exchange	165	163	27	99	2	456
Balance at 31 March 2023	(42,086)	(12,513)	(5,231)	(9,945)	(140)	(69,915)
Amortisation charge for the year	**-**	**(1,225)**	**(3)**	**(1,804)**	**-**	**(3,032)**
Disposals	**-**	**1,742**	**-**	**-**	**-**	**1,742**
Effect of movements in foreign exchange	**(632)**	**4**	**6**	**21**	**2**	**(599)**
Balance at 31 March 2024	**(42,718)**	**(11,992)**	**(5,228)**	**(11,728)**	**(138)**	**(71,804)**
Net book value						
At 31 March 2024	**61,278**	**970**	**45**	**12,259**	**202**	**74,754**
At 31 March 2023 (restated)	61,128	1,842	-	14,042	121	77,133

Computer software relates to purchased software and people costs associated with the implementation of software.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2024 $000	Restated[(a)] 2023 $000
UK and Asia	**2,613**	2,561
Europe	**6,525**	6,543
USA	**48,680**	48,680
Australia	**3,460**	3,344
	61,278	61,128

(a) Restated see note 1 for further details

All goodwill balances have arisen as a result of acquisitions and are not internally generated.

Impairment
The Group tests goodwill each year for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing, goodwill has been allocated to the business unit, or group of business units, that are expected to benefit from the synergies of the combination, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is referred to below as a CGU. The recoverable amounts of CGUs are determined from the higher of value in use and fair value less costs to sell.

The Group has prepared budgets and forecasts for each CGU for the next three years and these have been reviewed and approved by management and the Board as appropriate. The key assumptions in those forecasts are sales, margins achievable and overhead costs, which are based on past experience, more recent performance and future expectations.

Climate change poses various challenges and opportunities that could affect the future cash flows and value in use of our assets, including goodwill. The potential impacts of climate change will, by their very nature, continue to evolve and develop. At this stage of our climate change journey, our modelling primarily focuses on capturing the immediate and more readily quantifiable impacts of climate change on our operations and financial performance. We recognise that there may be additional medium to long-term effects that are not explicitly accounted for in our current models. This assessment involves inherent uncertainties, and we will continue to monitor, reassess and report on the possible impact of climate change on the Group in future reporting periods. The assessment of climate change risks and their financial implications is an evolving area, and conclusions may be subject to change as new information becomes available.

The key assumptions in deriving value in use from cash flow projections are the sales growth, EBITDA margins, discount rate applied and the long-term expected growth rates for the business. Long-term growth rates are set no higher than the long term economic growth projections of the countries in which the businesses operate. Management apply pre-tax discount rates in value in use estimation that reflect current market assessments of the time value of money and the risks specific to the CGUs and businesses under review.

The Group's post tax weighted average cost of capital (WACC) is 10.8% (2023: 11.1%). This has been compared to other similar companies and is believed by the Directors to be appropriate. The CGUs use the following pre-tax discount rates which are derived from an estimate of the Group's post-tax WACC adjusted for the relevant tax rate for each CGU.

Pre-tax discount rates used were:

	2024	2023
UK and Asia	**14.3%**	14.6%
Europe	**14.5%**	14.9%
USA	**14.4%**	14.7%
Australia	**15.4%**	15.8%

Long-term growth rates used were:

	2024	2023
UK and Asia	**2.0%**	2.0%
Europe	**2.0%**	2.1%
USA	**2.1%**	2.2%
Australia	**2.5%**	2.3%

There is no impairment in the current year. In the prior year an impairment charge of $29.1 million was recognised against the goodwill allocated to the UK and Asia CGU. The combination of lower forecast expectation of the UK and Asia CGU, following the deterioration of the results in this CGU in the second half of FY2023, and the significant increase in the discount rate drove an impairment of the goodwill related to the CGU.

In all CGUs, the carrying value of the goodwill was supported by the recoverable amount and the Directors do not believe a reasonably possible change to the assumptions would give rise to an impairment. The Directors have considered a 200 basis points movement in the discount rate, a reduction of 0.5% in the growth rate applied to the terminal value, and a 7.5% movement in forecast cash flows. With these changes in assumptions, there is significant headroom in all of the CGUs and no indication of impairment.

10 Right-of-use assets and lease liabilities
Right-of-use assets

	Land and buildings $000	Plant and machinery $000	Motor vehicles $000	Office equipment $000	Total $000
Net book value at 1 April 2022	84,569	992	388	782	86,731
Additions	4,329	241	197	78	4,845
Disposals	(1,922)	-	-	-	(1,922)
Depreciation charge	(16,820)	(436)	(233)	(225)	(17,714)
Impairment	(757)	-	-	-	(757)
Transfers between categories	215	-	22	(237)	-
Effect of movements in foreign exchange	(1,783)	(34)	(19)	(15)	(1,851)
Net book value at 31 March 2023	67,831	763	355	383	69,332
Additions	**6,252**	**154**	**165**	**42**	**6,613**
Disposals	**(1,119)**	**-**	**-**	**(21)**	**(1,140)**
Depreciation charge	**(15,752)**	**(340)**	**(208)**	**(170)**	**(16,470)**
Reversal of impairment	**553**	**-**	**-**	**-**	**553**
Effect of movements in foreign exchange	**237**	**(35)**	**13**	**12**	**227**
Net book value at 31 March 2024	**58,002**	**542**	**325**	**246**	**59,115**

Additions include lease modifications and extensions of $122,000 (2023: $822,000).

Income statement
The income statement shows the following charges/(credits) relating to leases:

	2024 $000	2023 $000
Interest expense (included in finance costs)	**2,336**	2,903
Depreciation charge	**16,470**	17,714
(Reversal)/impairment (see note 3)	**(553)**	757
Expense relating to short-term leases	**152**	121

Low-value lease costs were negligible in the year.

At 31 March 2024, the Group had estimated lease commitments for leases not yet commenced of $17.3 million (2023: $nil).

Movement in lease liabilities

	2024 $000	2023 $000
Balance at 1 April	**80,187**	99,843
Cash flow - financing activities	**(18,422)**	(20,428)
Additions	**6,613**	4,845
Disposals	**(1,167)**	(2,011)
Effect of movements in foreign exchange	**135**	(2,062)
Balance at 31 March	**67,346**	80,187

	2024 $000	2023 $000
Non-current liabilities	**51,751**	62,717
Current liabilities	**15,595**	17,470
	67,346	80,187

Total cash outflow in relation to leases is as follows:

	2024 $000	2023 $000
Included in financing activities - payment of lease liabilities	**18,422**	20,428
Included in interest and similar charges paid	**2,336**	2,903
Short-term leases	**152**	121
	20,910	23,452

Commitments for minimum lease payments in relation to non-cancellable low-value or short-term leases are payable as follows:

	2024	2023
	$000	$000
Less than one year	**38**	30
Between one and five years	**-**	-
More than five years	**-**	-
	38	30

During the year sub-lease income from right-of-use assets was as follows:

	2024	2023
	$000	$000
Sub-lease income in the year from sub-leasing right-of-use assets	**687**	1,253

Non-cancellable operating lease rentals are receivable as follows:

	2023	2023
	$000	$000
Less than one year	**401**	655
Between one and five years	**985**	1,148
	1,386	1,803

11 Deferred tax assets and liabilities
Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Property, plant and equipment and intangible assets	Tax losses carried forward	Share-based payments	Doubtful debts	Other timing differences(a)	Total
	$000	$000	$000	$000	$000	$000
At 1 April 2022	3,749	7,569	-	6	4,612	15,936
Credit/(charge) to income statement	251	(224)	-	-	(615)	(588)
(Charge)/credit to equity	9	-	-	(1)	(176)	(168)
At 31 March 2023	4,009	7,345	-	5	3,821	15,180
Deferred tax liabilities	(277)	-	-	-	(3)	(280)
Deferred tax assets	4,286	7,345	-	5	3,824	15,460
	4,009	7,345	-	5	3,821	15,180

	Property, plant and equipment and intangible assets	Tax losses carried forward	Share-based payments	Doubtful debts	Other timing differences(a)	Total
	$000	$000	$000	$000	$000	$000
At 1 April 2023	4,009	7,345	-	5	3,821	15,180
Credit/(charge)/ to income statement	822	15,530	-	(4)	7,460	23,808
(Charge)/credit to equity	3	-	-	-	(42)	(39)
At 31 March 2024	**4,834**	**22,875**	**-**	**1**	**11,239**	**38,949**
Deferred tax liabilities	(191)	-	-	-	(3)	(194)
Deferred tax assets	5,025	22,875	-	1	11,242	39,143
	4,834	**22,875**	**-**	**1**	**11,239**	**38,949**

(a) Other timing differences include a deferred tax asset closing balance of $534,000 (2023: $583,000) in respect of provision for inventory and $1.7 million (2023: $2.6 million) in respect of leases.

Deferred tax is presented net on the balance sheet in so far as a right of offset exists.

	2024	2023
	$000	$000
Net deferred tax asset	**39,099**	15,401
Net deferred tax liability	**(150)**	(221)
	38,949	15,180

Deferred tax assets and liabilities are treated as non-current as it is expected that they will be recovered or settled more than twelve months after the reporting date.

The deferred tax asset in respect of tax losses carried forward at 31 March 2024 of $22.9 million (2023: $7.3 million) comprises deferred tax assets in relation to US tax losses of $22.5 million (2023: $7.0 million) and Asia tax losses of $345,000 (2023: $345,000). All of these recognised tax losses may be carried forward indefinitely. The deferred tax assets have been recognised in the territories where the Board considers there is sufficient evidence that taxable profits will be available against which the tax losses can be utilised. The Group has prepared budgets and forecasts for the next three years. The key assumptions in those forecasts are sales, margins achievable and overhead costs, which are based on past experience, more recent performance and future expectations. The Group then extrapolates profits for the future years based on the long-term growth rates applicable to the relevant territories.

In DG Americas, $21.3 million of previously unrecognised deferred tax assets were recognised. On the acquisition of CSS Industries in FY2020 there were certain deferred tax attributes that were subject to restrictions. We have engaged with our advisors and have confidence that there are no remaining restrictions, and these deferred tax assets are available for use. It should be noted that the use of these attributes is subject to an annual limitation which spreads their usage over an approximately 40-year period which started in FY2020.

spreads their usage over an approximately 40 year period which started in FY2023.

In FY2023, in the DG Americas segment, there were gross temporary differences of $63.3 million and unused tax losses, with no expiry date, $20.0 million on which deferred tax assets were not recognised.

In the UK there are gross temporary differences of $671,000 (2023: $990,000) and unused tax losses, with no expiry date, of $36.0 million (2023: $28.6 million) on which deferred tax assets have not been recognised. Deferred tax assets in the UK are not being recognised due to the lack of sufficient compelling evidence to suggest their recognition at this time.

No deferred tax liability (2023: $nil) has been recognised in relation to the tax cost of remitting earnings (forecast dividends) from China to the UK. No other deferred tax liability has been recognised on unremitted earnings of the other overseas subsidiaries as, if all unremitted earnings were repatriated with immediate effect, no other tax charge would be payable. The full potential deferred tax liability in respect of unremitted earnings is $355,000 (2023:$222,000).

The standard rate of corporation tax in the UK rose to 25% effective from 1 April 2023. Given that no deferred tax is recognised in the UK, this did not impact the deferred tax measurement.

Included within current tax liabilities is $6.7 million (2023: $5.2 million) in respect of uncertain tax positions. These risks arise because the Group operates in a complex multinational tax environment. The amount consists of various tax risks which individually are not material. The position is reviewed on an ongoing basis and generally these tax positions are released at the end of the relevant territories' statute of limitations.

No deferred tax charge was recognised through the statement of changes in equity and there are no deferred tax balances with respect to cash flow hedges.

12 Inventory

	2024	2023
	$000	$000
Raw materials and consumables	**25,022**	36,139
Work in progress	**25,909**	32,676
Finished goods	**114,470**	137,611
	165,401	206,426

During the year, materials, consumables, changes in finished goods and work in progress of $558.3 million (2023: $649.7 million) were recognised as an expense and included in cost of sales.

Inventories have been assessed as at 31 March 2024 and overall an expense of $8.9 million has been recognised in the year (2023: 12.9 million). This consists of the addition of new provisions for slow moving and obsolete inventory of $13.4 million (2023: $19.3 million), offset by the reversal of previous Covid-19 inventory provisions of $nil million (2023: $0.1 million), and the release of previous slow moving and obsolete inventory provisions amounting to $4.5 million (2023: $6.3 million) due to inventory either being used or sold.

13 Long-term assets and trade and other receivables

Long-term assets are as follows:

	2024	2023
	$000	$000
Acquisition indemnities	**1,052**	1,622
Security deposits	**1,164**	1,632
Insurance related assets	**2,432**	2,393
	4,648	5,647

Acquisition indemnities relate to previous acquisitions made by CSS and indemnities provided by the seller. Security deposits relate to leased properties and Insurance related assets include a corporate owned life insurance policy.

Trade and other receivables are as follows:

	2024	2023
	$000	$000
Trade receivables	**77,565**	80,973
Prepayments, other receivables and accrued income	**11,444**	10,212
VAT receivable	**514**	1,217
	89,523	92,402

The Group is party to supplier financing arrangements with one of its key customers and the associated balances are recognised as trade receivables until receipt of the payment from the bank, at which point the receivable is derecognised. At 31 March 2024 nothing had been drawn down on this arrangement (2023: $7.0 million).

Please see note 15 for more details of the banking facilities.

There are no trade receivables in the current year (2023: $nil) expected to be recovered in more than twelve months.

The Group's exposure to credit and currency risks and provisions for doubtful debts related to trade and other receivables is disclosed in note 24.

14 Cash and cash equivalents/bank overdrafts

	2024	2023
	$000	$000
Cash and cash equivalents	**157,365**	85,213
Bank overdrafts	**(63,655)**	(34,979)
Cash and cash equivalents and bank overdrafts per cash flow statement	**93,710**	50,234

Net cash

	2024	2023
	$000	$000
Cash and cash equivalents	**93,710**	50,234
Loan arrangement fees	**1,517**	250
Net cash as used in the financial review cash flow statement	**95,227**	50,484

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 24.

The bank loans and overdrafts are secured by a fixed charge on certain of the Group's land and buildings, a fixed charge on certain of the Group's book debts and a floating charge on certain of the Group's other assets. See note 15 for further details of the Group's loans and overdrafts.

Changes in net cash

	Loan arrangement fees $000	Other assets cash/bank overdrafts $000	Total $000
Balance at 1 April 2022	360	29,799	30,159
Cash flows	1,079	20,595	21,674
Effect of other items			
Amortisation of loan arrangement fees	(1,143)	-	(1,143)
Effect of movements in foreign exchange	(46)	(160)	(206)
Balance at 31 March 2023	250	50,234	50,484
Cash flows	**2,261**	**42,250**	**44,511**
Effect of other items			
Amortisation of loan arrangement fees	**(1,000)**	**-**	**(1,000)**
Effect of movements in foreign exchange	**6**	**1,226**	**1,232**
Balance at 31 March 2024	**1,517**	**93,710**	**95,227**

15 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 24.

	2024 $000	2023 $000
Non-current liabilities		
Secured bank loans	**-**	-
Loan arrangement fees	**(817)**	-
	(817)	-
Current liabilities		
Current portion of secured bank loans	**-**	-
Loan arrangement fees	**(700)**	(250)
	(700)	(250)

Secured bank loans

Facilities utilised in current period

The Group entered into a new banking facility on 5 June 2023, this facility comprises an Asset Backed Lending ("ABL") arrangement with a maximum facility amount of $125.0 million. The facility with HSBC and NatWest banks has a term of three years. On 3 November 2023 the Group made an operational amendment to the ABL arrangement and signed a supplemental agreement to convert and increase the overdraft to a £17.0 million RCF facility between 17 June 2024 and 16 August 2024. This amendment does not increase the maximum facility amount and offers flexibility during the months where the Group has a requirement for funding while having limited access into the ABL.
The Group also increased its unsecured overdraft facility provided by HSBC to £16.5 million, which reduced to £8.5 million from August 2023. If the option to access the RCF facility is exercised, the amounts drawn on the overdraft facility and RCF facility may not exceed £17.0 million.

Interest charged on the Asset Backed lending facility is based, on one of two methods dependant on the duration of the Group's borrowing request submission:

- a margin of between 1.75% and 2.25%, based on average excess availability, plus a 0.1% credit spread adjustment, plus the US Secured Overnight Financing Rate ("SOFR"); or
- a margin of between 0.75% and 1.25% based on average excess availability, plus a rate based on the higher of: the HSBC prime rate, the Federal Funds rate plus 0.5%, or SOFR plus 1%.

A further commitment/non-utilisation fee is charged at 0.25% where facility usage is greater than 50% of the maximum credit line and 0.375% where facility usage is less than 50% of the maximum credit line.

Interest on the RCF is charged at a margin of 2.5% plus Sterling Overnight Index Average ("SONIA").

The financial covenant within the ABL agreement, which is a minimum fixed charge coverage ratio of 1.0 times, is only triggered if the remaining availability of the facility is less than the higher of $12.5 million or 12.5% of the borrowing base. The amendment to the facility on 3 November 2023, reduced the remaining availability trigger point to $6.5 million over a two month period.

The financial covenants within the RCF agreement are as follows:

- a minimum fixed charge coverage ratio of 1.0 times, calculated for the 12 month period to the most recent quarterly reporting period; and
- an asset cover ratio of no less than 200% calculated as at the date of the last monthly reporting period.

The ABL and RCF are secured with an all-assets lien on all existing and future assets of the loan parties. The loan parties are Anker Play Products, LLC, Berwick Offray, LLC, BOC Distribution, Inc., C. R. Gibson, LLC, CSS Industries, Inc., IG Design Group (Lang), Inc., IG Design Group Americas, Inc., IG Design Group plc, IG Design Group UK Limited, Impact Innovations, Inc., Lion Ribbon Company, LLC, Paper Magic Group, Inc., Philadelphia Industries, Inc., Simplicity Creative Corp., The Lang Companies, Inc., The McCall Pattern Company, Inc.

Invoice financing arrangements are secured over the trade receivables that they are drawn on. The Group also had an invoice financing arrangement in Hong Kong with a maximum limit of $18.0 million, dependent on level of eligible receivables. This facility was cancelled on 13 October 2023 in line with the terms of the new financing arrangement.

Loan arrangement fees represent the unamortised costs in arranging the Group facilities. These fees are being amortised on a straight-line basis over the terms of the facilities.

The Group is party to supplier financing arrangements with a number of its key customers and the associated balances are recognised as trade receivables until receipt of the payment from the bank, at which point the receivable is derecognised.

Facilities utilised in prior periods

On 1 June 2022, the Company had extended and amended the terms of its existing banking agreement to 31 March 2024. These facilities were cancelled on 5 June 2023. These facilities were maintained through a club of five banks: HSBC, NatWest, Citigroup (who replaced BNP Paribas), Truist Bank (as successor by merger to SunTrust Bank) and PNC. The amended facilities comprised:

- a revolving credit facility ('RCF A') reduced from $95.0 million to $90.0 million; and
- a further flexible revolving credit facility ('RCF B') with availability varying from month to month of up to a maximum level of £92.0 million (reduced from a maximum level of £130 million). This RCF was flexed to meet our working capital requirements during those months when inventory was being built within our annual business cycle and was £nil when not required, minimising carrying costs.

The RCFs were secured with a fixed and floating charge over the assets of the Group. Amounts drawn under RCFs were classified as current liabilities as the Group expected to settle these amounts within twelve months.

From April 2023 covenants were tested quarterly and were as follows:
- interest cover, being the ratio of adjusted earnings before interest, depreciation and amortisation (adjusted EBITDA), as defined by the banking facility, to interest on a rolling twelve-month basis; and
- leverage, being the ratio of debt to adjusted EBITDA, as defined by the banking facility, on a rolling twelve-month basis.

There was a further covenant tested monthly in respect of the working capital RCF by which available asset cover must not fall below agreed levels relative to amounts drawn. These covenants were measured on pre-IFRS 16 accounting definitions.

Given the cancellation of the RCF on 5 June 2023, these covenants are no longer applicable. The Group has remained comfortably in compliance with all of these covenants up until its cancellation.

16 Deferred income

	2024	2023
	$000	$000
Included within non-current liabilities		
Deferred grant income	**1,837**	2,038
Included within current liabilities		
Deferred grant income	**211**	211
Other deferred income	**3**	52
	214	263

The deferred grant income is in respect of government grants relating to the development of the Penallta site in Wales and the Byhalia site in Mississippi. The conditions for the Wales grant were all fully met in January 2019 and for the Byhalia site in January 2023. Deferred income is being released in line with the depreciation of the assets for which the grant is related to.

17 Provisions

	Property	Restated(a) Duties, interest and penalties	Other	Restated(a) Total
	$000	$000	$000	$000
Balance at 1 April 2022	6,247	-	111	6,358
Restatement (note 1)	-	5,462	-	5,462
Balance at 1 April 2022 (restated)	6,247	5,462	111	11,820
Provisions made in the year	723	-	282	1,005
Provisions released during the year	(287)	-	(99)	(386)
Unwinding of fair value discounts	106	-	-	106
Provisions utilised during the year	(200)	-	(5)	(205)
Effect of movements in foreign exchange	(70)	-	5	(65)
Balance at 1 April 2023 (restated)	6,519	5,462	294	12,275
Provisions made in the year	**288**	**-**	**442**	**730**
Provisions released during the year	**(2,004)**	**-**	**(294)**	**(2,298)**
Unwinding of fair value discounts	**68**	**-**	**-**	**68**
Provisions utilised during the year	**(490)**	**-**	**-**	**(490)**
Effect of movements in foreign exchange	**41**	**-**	**(3)**	**38**
Balance at 31 March 2024	**4,422**	**5,462**	**439**	**10,323**

	2024	Restated(a) 2023
	$000	$000
Non-current	**2,796**	5,474
Current	**7,527**	6,801
	10,323	12,275

(a) The prior year comparatives above have been restated as disclosed in note 1.

The property provision represents the estimated reinstatement cost of 14 of the Group's leasehold properties under fully repairing leases (2023: 14). Of the non-current balance, $2.0 million (2023: $2.2million) relates to a lease expiring in 2036; the remainder relates to provisions unwinding between one and five years.

The Duties, interest and penalties provision represents the potential liabilities relating to pre-acquisition era duties owed in a foreign subsidiary of the DG Americas division estimated at $5.5 million. This provision reflects management's best estimate of the costs expected to be incurred to settle these obligations. This provision required significant estimation assumptions and is subject to change as new information becomes available or as circumstances evolve. Adjustments to the provision will be made in the period in which such information or changes arise.

18 Other financial liabilities

	2024	2023(a)
	$000	$000
Included within non-current liabilities		
Rebates and customer claims	**11,644**	16,698
Employee costs	**985**	885
Other creditors and accruals	**1,678**	1,488
	14,307	19,071
Included within current liabilities		
Employee costs	**18,209**	18,526

Employee costs	**18,209**	18,526
Rebates and customer claims	**8,033**	12,992
Property costs	**2,964**	2,859
Fixed asset creditors	**1,609**	-
Goods in transit	**1,154**	784
Other creditors and accruals	**5,089**	5,751
	37,058	40,912
Forward foreign currency contracts carried at fair value through the Income Statement	**-**	28
Forward foreign exchange contracts carried at fair value through the hedging reserve	**26**	287
	37,084	41,227

(a) The prior year comparatives above have been re-presented to further disaggregate Other financial liabilities.

19 Trade and other payables

	2024 $000	2023 $000
Trade payables	**83,301**	89,754
Other payables including social security	**2,446**	2,719
VAT payable	**354**	504
	86,101	92,977

20 Share capital

Authorised share capital at 31 March 2024 and 2023 was £6.0 million, 121.0 million ordinary shares of 5p each.

	Ordinary shares	
In thousands of shares	**2024**	2023
In issue at 1 April	**97,994**	97,062
Options exercised during the year	**285**	932
In issue at 31 March - fully paid	**98,279**	97,994

	2024 $000	2023 $000
Allotted, called up and fully paid		
Ordinary shares of £0.05 each	**6,201**	6,059

Of the 98.3 million shares in the Company, 3.0 million (2023: 1.0 million) are held by IG Employee Share Trustee Limited (the 'Employee Benefit Trust').

Long Term Incentive Plan (LTIP) options exercised during the year resulted in 285,000 ordinary shares issued at nil cost (2023: 932,000 ordinary shares issued at nil cost).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

21 Earnings/(loss) per share

	2024 $000	2023 $000
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the Company	**35,625**	(27,987)
Adjustments		
Adjusting items (net of non-controlling interest effect)	**2,102**	28,072
Tax relief on adjustments (net of non-controlling interest effect)	**(21,805)**	(243)
Adjusted earnings/(loss) attributable to equity holders of the Company	**15,922**	(158)

In thousands of shares	2024	2023
Issued ordinary shares at 1 April	**97,994**	97,062
Shares relating to share options	**314**	1,242
Less: shares held by Employee Benefit Trust	**(1,457)**	(536)
Weighted average number of shares for the purposes of calculating basic EPS	**96,851**	97,768
Effect of dilutive potential shares - share awards	**563**	-
Weighted average number of shares for the purposes of calculating diluted EPS	**97,414**	97,768

In the prior year, 209,000 share options were not included in the calculation of diluted earnings per share because they were antidilutive.

	2024 Cents	2023 Cents
Earnings/(loss) per share		
Basic earnings/(loss) per share	**36.8**	(28.6)
Impact of adjusting items (net of tax)	**(20.3)**	28.4
Basic adjusted earnings/(loss) per share	**16.5**	(0.2)
Diluted earnings/(loss) per share	**36.6**	(28.6)
Diluted adjusted earnings/(loss) per share	**16.3**	(0.2)

Adjusted earnings/(loss) per share are provided to reflect the underlying earnings performance of the Group.

Basic earnings/(loss) per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the period, excluding own shares held by the Employee Benefit Trust.

Diluted earnings/(loss) per share

Diluted EPS is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of the potentially dilutive shares.

22 Dividends paid and proposed

No dividends were paid in the current year (2023: nil) and the Directors are not recommending the payment of a final dividend in respect of the year ended 31 March 2024.

23 Employee benefits

Post-employment benefits

The Group administers a defined benefit pension plan that was inherited through the acquisition of CSS and covers certain employees of a UK subsidiary. The scheme closed to future accrual on 31 December 2012. This is a separate trustee administered fund holding the pension scheme assets to meet long-term pension liabilities. The plan assets held in trust are governed by UK regulations and responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the group of trustees. The assets of the scheme are invested in the SPI With-Profits Fund, which is provided by Phoenix Life Limited.

An actuarial valuation was updated on an approximate basis at 31 March 2024, by a qualified actuary, independent of the scheme's sponsoring employer.

The major assumptions used by the actuary are shown below.

Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)

	2024	2023
	$000	$000
Fair value plan of assets	**3,170**	3,269
Present value of defined benefit obligation	**(989)**	(1,245)
Surplus in plan	**2,181**	2,024
Surplus not recognised	**(2,181)**	(2,024)
Net defined benefit asset to be recognised	**-**	-

In accordance with IAS 19, the surplus on the plan has not been recognised on the basis it is not expected to be recovered, as the Group does not have an unconditional right to any refund.

Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	$000	$000
Defined benefit obligation as at 1 April	**(1,245)**	(1,858)
Interest expense	**(54)**	(48)
Benefits payments from plan assets	**307**	-
Actuarial gains due to changes in demographic assumptions	**15**	10
Actuarial gains due to changes in financial assumptions	**18**	645
Effect of experience adjustments	**(5)**	(113)
Effect of movement in foreign exchange	**(25)**	119
Defined benefit obligation as at 31 March	**(989)**	(1,245)

Reconciliation of opening and closing balances of the fair value of plan assets

	2024	2023
	$000	$000
Fair value of plan assets as at 1 April	**3,269**	3,241
Interest income	**154**	85
Return on plan assets	**(68)**	74
Contributions by the Company	**63**	61
Benefits payments from plan assets	**(307)**	-
Admin expenses paid from plan assets	**(6)**	(7)
Effect of movement in foreign exchange	**65**	(185)
Fair value of plan assets as at 31 March	**3,170**	3,269

A total of $94,000 (2023: $30,000) has been credited to Group operating profit during the year, including $6,000 (2023: $7,000) of expense netting against net interest income of $100,000 (2023: $37,000).

The principal assumptions used by the independent qualified actuary for the purposes of IAS 19 are as follows:

	2024	2023
Increase in salaries	**-**	-
Increase in pensions	**-**	-
- at RPI capped at 5%	**3.30%**	3.70%
- at CPI capped at 5%	**2.40%**	2.40%
- at CPI capped at 2.5%	**2.40%**	2.40%
Discount rate	**4.90%**	4.80%
Inflation rate - RPI	**3.20%**	3.30%
Inflation rate - CPI	**2.40%**	2.40%

Due to the timescale covered, the assumptions may not be borne out in practice.

The life expectancy assumptions (in number of years) used to estimate defined benefit obligations at the year end are as follows:

	2024	2023
Male retiring today at age 60	**25.8**	26.1
Female retiring today at age 60	**27.8**	28.0
Male retiring in 20 years at age 60	**27.4**	27.6
Female retiring in 20 years at age 60	**29.4**	29.6

In addition to the defined benefit pension scheme there is also a small post-retirement healthcare scheme operated in the US, which was also inherited through the acquisition of CSS. In total, the amounts taken through the Group's statement of comprehensive income can be seen below:

	2024	2023
	$000	$000
UK pension scheme		
Actuarial losses on defined benefit pension scheme	**(55)**	(53)
US health scheme	**7**	16
	(48)	(37)

Long Term Incentive Plans

Long Term Incentive Plans
The Group operates a Long Term Incentive Plan (LTIP). Under the LTIP, nil cost options and conditional awards over ordinary shares of 5 pence each ('ordinary shares') in the capital of the Company are awarded to Executive Board Directors of the Company and other selected senior management team members within the Group. During the year, awards were granted under the 2023-2026 LTIP scheme.

The performance period for each award under the LTIP is three years. The cost to employees of ordinary shares issued under the LTIP if the LTIP vests is nil. In principle, the number of ordinary shares to be granted to each employee under the LTIP will not be more than 265% (and 325% in exceptional cases) of the relevant employee's base annual salary. The maximum opportunity available under the 2022-2025 and 2023-2026 schemes is up to 125% of base salary for the CEO and CFO.

Between 13 December 2023 and 9 February 2024, the trustee of the IG Design Group plc Employee Benefit Trust (the 'EBT'), purchased 2 million ordinary shares of 5 pence each at an average price of £1.40 per ordinary share. These ordinary shares are to be held in the EBT and are intended to be used to satisfy the exercise of share options by employees.

Vested LTIP schemes - outstanding options

	Number of ordinary shares	Exercise price pence	Exercise dates
2018-2021 LTIP scheme	28,272	nil	June 2021 - November 2028

All performance criteria have been met for the above schemes.

	2024		2023	
	Weighted average exercise price pence	**Number of options**	Weighted average exercise price pence	Number of options
Outstanding at 1 April	**nil**	**310,096**	nil	1,088,123
Options vesting during the year	**nil**	**4,640**	nil	154,139
Exercised during the year	**nil**	**(286,464)**	nil	(932,166)
Outstanding at 31 March	**nil**	**28,272**	nil	310,096
Exercisable at 31 March	**nil**	**28,272**	nil	310,096

Scheme details for plans in vesting periods during the year
During the financial year to 31 March 2024 there were two LTIP awards still within their vesting period (2023: two).

Awards

	2022-2025	2023-2026
Grant date	Aug 2023, Dec 2023, Feb 2023	Aug 2023, Dec 2023, Feb 2023
Fair value per share (£)	1.01	1.08
Number of participants	58	65
Initial award	2,567,747	2,477,864
Lapses and forfeitures	(580,459)	(63,127)
Potential to vest as at 31 March 2024	**1,987,288**	**2,414,737**
Potential to vest as at 31 March 2023	2,520,704	-
Weighted average remaining contractual life of options outstanding at the end of the year	2.13	3.21

The grant date fair value of the LTIP awards granted in the year, assuming they are to vest in full, is $3.3 million.

The grant date fair values of the 2023-2026 scheme were determined using the following factors:

Share price (£)	1.325
Exercise price	Nil
Expected term	3 years (additional 2 years for holding period)
Risk-free interest rate	4.68% (4.71% for awards with holding period)
Expected dividend yield	0%

LTIP performance targets

Individuals were granted performance share awards under the 2022-2025 and 2023-2026 schemes. Some individuals were also awarded restricted share awards which are not subject to any performance condition (other than an underpin condition) and the vesting is dependent on a continued service requirement. The vesting of performance share awards are subject to a continued service requirement. The extent of vesting is subject to performance against performance conditions.

The performance share awards are weighted two-thirds towards a Relative Total Shareholder Return ('TSR') metric and one-third Earnings Per Share metric as the performance measures. The TSR metric is a measurement of TSR by the Group relative to a peer group of the FTSE SmallCap excluding Investment Trusts.

An underpin condition was also applied to the awards that allows the Remuneration Committee to reduce vesting levels if it determines that vesting outcomes reflect unwarranted windfall gains from share price movements.

Share-based payments charges/(credits)

The total expense/(credit) recognised for the year arising from equity settled share based payments is as follows:

	2024 $000	2023 $000
Charge in relation to the 2020-2022 LTIP scheme	**-**	166
Charge in relation to the 2022-2025 LTIP scheme	**778**	490
Charge in relation to the 2023-2026 LTIP scheme	**654**	-
Equity-settled share-based payments charge	**1,432**	656
Social security charge	**70**	149
Total equity-settled share-based payments charge	**1,502**	805

Deferred tax assets are recognised on share-based payment schemes when deferred tax assets are recognised in that territory (see note 11).

Social security charges/(credits) on share-based payments
Social security is accrued, where applicable, at a rate which management expects to be the prevailing rate when share based incentives are exercised and is based on the latest market value of options expected to vest or having already vested.

The total social security accrual outstanding at the year end in respect of share-based payment transactions was $182,000 (2023: $160,000).

24 Financial instruments

Derivative financial assets

a) Fair values of financial instruments
The carrying values for each class of financial assets and financial liabilities in the balance sheet are not considered to be materially different to their fair values.

As at 31 March 2024, the Group had derivative contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of an asset of $68,000 (2023: $340,000) and a liability of $26,000 (2023: $315,000).

Derivative financial instruments
The fair value of forward exchange contracts is assessed using valuation models taking into account market inputs such as foreign exchange spot and forward rates, yield curves and forward interest rates.

Fair value hierarchy
Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

b) Credit risk
Financial risk management
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is managed by dealing only with banks and financial institutions with strong credit ratings. The Group's financial credit risk is primarily attributable to its trade receivables.

The main customers of the Group are large and mid sized retailers, other manufacturers and wholesalers of greetings products, service merchandisers and trading companies. The Group has established procedures to minimise the risk of default of trade receivables including detailed credit checks undertaken before new customers are accepted and rigorous credit control procedures after sale. These processes have proved effective in minimising the level of provisions for doubtful debts required.

The amounts presented in the balance sheet are net of allowances for doubtful receivables estimated by the Group's management, based on prior experience and their assessment of the current economic environment.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was $239.6 million (2023: $172.2 million) being the total of the carrying amount of financial assets.

The maximum exposure to credit risk for trade receivables at the balance sheet date by reporting segment was:

	2024	2023
	$000	$000
DG Americas	**52,248**	53,569
DG International	**25,317**	27,404
	77,565	80,973

Credit quality of financial assets and impairment losses
The ageing of trade receivables at the balance sheet date was:

	2024			2023		
	Expected loss rate	**Gross**	**Provisions for doubtful debts**	Expected loss rate	Gross	Provisions for doubtful debts
	%	**$000**	**$000**	%	$000	$000
Not past due	**0.1**	**57,429**	**(56)**	0.5	55,263	(250)
Past due 0-60 days	**0.1**	**13,513**	**(14)**	0.5	14,177	(65)
61-90 days	**12.1**	**5,616**	**(677)**	4.3	5,645	(243)
More than 90 days	**49.8**	**3,495**	**(1,741)**	15.5	7,625	(1,179)
	3.1	**80,053**	**(2,488)**	2.1	82,710	(1,737)

There were no unimpaired balances outstanding at 31 March 2024 (2023: $nil) where the Group had renegotiated the terms of the trade receivable. The increase in provision year-on-year is reflective of the current macroeconomic circumstances.

Expected credit loss assessment
For the Group's trade receivables, expected credit losses are measured using a provisioning matrix based on the reason the trade receivable is past due. The provision matrix rates are based on actual credit loss experience over the past three years and adjusted, when required, to take into account current macro-economic factors. The Group applies experienced credit judgement that is determined to be predictive of the risk of loss to assess the expected credit loss, taking into account external ratings, financial statements and other available information. The Group's trade receivables are unlikely to extend past twelve months and, as such, for the purposes of expected credit loss modelling, the lifetime expected credit loss impairments recognised are the same as a twelve-month expected credit loss.

There have been no significant credit risk movements since initial recognition of impairments.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2024 **$000**	2023 $000
Balance at 1 April	**1,737**	547
Charge for the year	**1,929**	1,705
Unused amounts reversed	**(73)**	(59)
Amounts utilised	**(1,112)**	(469)
Effects of movement in foreign exchange	**7**	13
Balance at 31 March	**2,488**	1,737

The allowance account for trade receivables is used to record provisions for doubtful debts unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

c) Liquidity risk
Financial risk management
Liquidity risk is the risk that the Group, although solvent, will encounter difficulties in meeting obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's policy with regard to liquidity ensures adequate access to funds by maintaining an appropriate mix of short-term and longer-term facilities, which are reviewed on a regular basis. The maturity profile and details of debt outstanding at 31 March 2024 are set out in note 15.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 March 2024	Note	**Carrying amount $000**	**Contractual cash flows $000**	**One year or less $000**	**One to two years $000**	**Two to five years $000**	**More than five years $000**
Non-derivative financial liabilities							
Other financial liabilities	18	**51,365**	**(51,365)**	**(37,057)**	**(14,235)**	**(65)**	**(8)**
Lease liabilities	10	**67,346**	**(73,768)**	**(16,083)**	**(20,584)**	**(21,528)**	**(15,573)**
Trade payables	19	**83,301**	**(83,301)**	**(83,301)**	**-**	**-**	**-**
Derivative financial liabilities							
Forward foreign exchange contracts carried at fair value through the hedging reserve[(a)]	18	**26**	**(12,471)**	**(12,471)**	**-**	**-**	**-**
		202,038	**(220,905)**	**(148,912)**	**(34,819)**	**(21,593)**	**(15,581)**

(a) Measured at Level 2.

31 March 2023	Note	Carrying amount $000	Contractual cash flows $000	One year or less $000	One to two years $000	Two to five years $000	More than five years $000
Non-derivative financial liabilities							
Other financial liabilities	18	59,983	(59,983)	(40,912)	(19,032)	(36)	(3)
Lease liabilities	10	80,187	(84,532)	(18,596)	(15,258)	(26,239)	(24,439)
Trade payables	19	89,754	(89,754)	(89,754)	-	-	-
Derivative financial liabilities							
Forward foreign exchange contracts carried at fair value through the income statement[(a)]	18	28	(11)	(11)	-	-	-
Forward foreign exchange contracts carried at fair value through the hedging reserve[(a)]	18	287	(17,768)	(17,768)	-	-	-
		230,239	(252,048)	(167,041)	(34,290)	(26,275)	(24,442)

(a) Measured at Level 2.

The following table shows the facilities for bank loans, overdrafts, asset backed loans and revolving credit facilities:

	31 March 2024				31 March 2023			
	Carrying amount $000	**Facility used contractual cash flows $000**	**Facility unused $000**	**Total facility $000**	Carrying amount $000	Facility used contractual cash flows $000	Facility unused $000	Total facility $000
Corporate revolving credit facilities	**-**	**-**	**-**	**-**	-	-	(92,039)	(92,039)
Asset-backed loan								

backed loan facility	-	-	**(13,359)**	**(13,359)**	-	-	-	-
Bank overdrafts	-	-	**(17,075)**	**(17,075)**	-	-	(4,502)	(4,502)
	-	-	**(30,434)**	**(30,434)**	-	-	(96,541)	(96,541)

The ABL facilities vary through the year depending on the level of eligible receivables. The maximum limit is $125.0 million. At 31 March 2024, the facility amounted to $13.4 million.

In addition, local overdraft facilities are available, which at 31 March 2024 amounted to $17.1 million.

The prior year had a different facility structure with a maximum limit of $221.8 million, with $92.0 million available at 31 March 2023, along with local overdraft facilities of $4.5 million.

On 5 June 2023, the Group banking negotiated new banking facilities: see note 15 for more information.

The following table shows other facilities that are treated as contingent liabilities:

	31 March 2024		31 March 2023	
	Facility $000	**Utilised $000**	Facility $000	Utilised $000
UK Guarantee	**3,155**	**1,918**	2,164	1,880
UK Import line	**1,262**	**-**	1,237	-
Foreign Bills	**6,309**	**-**	6,184	-
USA Guarantee	**5,500**	**2,980**	5,500	2,980
Netherlands Guarantee (Trade and Import line)	**702**	**256**	653	248
	16,928	**5,154**	15,738	5,108

d) Cash flow hedges
The following derivative financial instruments were designated as cash flow hedges:

	2024	2023
Forward exchange contracts carrying amount	**$000**	$000
Derivative financial assets	**68**	340
Derivative financial liabilities	**(26)**	(315)

The Group has forward currency hedging contracts outstanding at 31 March 2023 designated as hedges of expected future purchases in US dollars for which the Group has firm commitments, as the derivatives are based on forecasts and an economic relationship exists at the time the derivative contracts are taken out.

The terms of the forward currency hedging contracts have been negotiated to match the terms of the commitments. All contracts outstanding at the year end crystallise within 24 months of the balance sheet date at average prices of 1.09 for US dollar to euro contracts (2023: 1.08), 1.27 for US dollar to GBP contracts (2023 not applicable) and not applicable for Chinese renminbi contracts (2023: 6.96). At the year end the Group held $8.6 million for US dollar to euro contracts (2023: $17.6 million), $4.0 million for US dollar to GBP contracts (2023:nil) and RMB nil (2023: RMB 108.9 million) in hedge relationships.

When assessing the effectiveness of any derivative contracts, the Group assesses sources of ineffectiveness which include movements in volumes or timings of the hedged cash flows.

The cash flow hedges of the expected future purchases in the year were assessed to be highly effective and as at 31 March 2024, a net unrealised profit of $292,000 (2023: $419,000) with related deferred tax credit of $nil (2023: $nil) was included in other comprehensive income in respect of these hedging contracts. Amounts relating to ineffectiveness recorded in the income statement in the year were $nil (2023: $nil).

e) Market risk
Financial risk management
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

The Group hedges a proportion, as deemed appropriate by management, of its sales and purchases of inventory denominated in foreign currency by entering into foreign exchange contracts. Such foreign exchange contracts typically have maturities of less than one year.

The Group rarely hedges profit translation exposure, since such hedges provide only a temporary deferral of the effects of movement in foreign exchange rates. Similarly, the Group does not hedge its long-term investments in overseas assets.

However, the Group holds loans that are denominated in the functional currency of certain overseas entities.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments, except derivatives, when it is based on notional amounts.

31 March 2024	Note	**US dollar $000**	**Sterling $000**	**Euro $000**	**Other $000**	**Total $000**
Long-term assets	13	**4,648**	**-**	**-**	**-**	**4,648**
Cash and cash equivalents	14	**79,173**	**26,489**	**35,801**	**15,902**	**157,365**
Trade receivables	13	**54,460**	**6,994**	**12,568**	**3,543**	**77,565**
Derivative financial assets		**-**	**68**	**-**	**-**	**68**
Bank overdrafts	14	**(37,137)**	**(8,703)**	**(17,815)**	**-**	**(63,655)**
Loan arrangement fees	15	**-**	**1,517**	**-**	**-**	**1,517**
Trade payables	19	**(62,583)**	**(8,033)**	**(10,571)**	**(2,114)**	**(83,301)**
Other payables	19	**(1,357)**	**(652)**	**(589)**	**(202)**	**(2,800)**
Balance sheet exposure		**37,204**	**17,680**	**19,394**	**17,129**	**91,407**

31 March 2023	Note	US dollar $000	Sterling $000	Euro $000	Other $000	Total $000
Long-term assets	13	5,647	-	-	-	5,647
Cash and cash equivalents	14	32,504	17,940	25,443	9,326	85,213
Trade receivables	13	54,528	8,924	12,802	4,719	80,973
Derivative financial assets		-	340	-	-	340
Bank overdrafts	14	(17,141)	(5,419)	(12,419)	-	(34,979)
Loan arrangement fees	15	-	250	-	-	250

Trade payables	19	(61,323)	(14,650)	(9,388)	(4,393)	(89,754)
Other payables	19	(1,631)	(776)	(579)	(237)	(3,223)
Balance sheet exposure		12,584	6,609	15,859	9,415	44,467

The following significant exchange rates applied to US dollar during the year:

	Average rate		31 March spot rate	
	2024	2023	**2024**	2023
Euro	**0.96**	0.96	**0.92**	0.92
Pound sterling	**0.83**	0.83	**0.81**	0.81

Sensitivity analysis
A 10% weakening of the following currencies against US dollar at 31 March 2024 would have affected equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis was performed on the same basis for 31 March 2023.

	Equity		Loss	
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Euro	**3,442**	1,442	**(343)**	(296)
Pound sterling	**1,607**	601	**(26)**	(251)

On the basis of the same assumptions, a 10% strengthening of the currencies against US dollar at 31 March 2024 would have affected equity and profit or loss by the following amounts:

	Equity		Loss	
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Euro	**(4,207)**	(1,762)	**419**	362
Pound sterling	**(1,964)**	(734)	**32**	307

Profile
At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

		2024	2023
Variable rate instruments	Note	**$000**	$000
Financial assets		**157,365**	85,213
Financial liabilities		**(63,655)**	(34,979)
Net cash	14	**93,710**	50,234

A change of 50 basis points (0.5%) in interest rates in respect of financial assets and liabilities at the balance sheet date would have affected equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect on financial instruments with variable interest rates and financial instruments at fair value through profit or loss. The analysis is performed on the same basis for 31 March 2023.

Sensitivity analysis

	2024	2023
	$000	$000
Equity		
Increase	**469**	251
Decrease	**-**	-
Profit or loss		
Increase	**469**	251
Decrease	**-**	-

f) Capital management
The Board's policy is to hold a strong capital base so as to maintain investor, creditor, customer and market confidence and to sustain future development of the business. The Group is dependent on the continuing support of its bankers for working capital facilities and so the Board's major objective is to keep borrowings within these facilities.

The Board manages as capital its trading capital, which it defines as its net assets plus net debt. Net debt is calculated as total debt (bank overdrafts, loans and borrowings as shown in the balance sheet), less cash and cash equivalents. The banking facilities with the Group's principal bank have amended covenants relating to earnings and liquidity cover and previous covenants relating to interest cover, cash flow cover and leverage, and our articles currently permit borrowings (including letter of credit facilities) to a maximum of four times equity.

		Equity	
			Restated(a)
		2024	2023
	Note	**$000**	$000
Net equity attributable to owners of the Parent Company		**361,618**	328,192
Net cash	14	**(95,227)**	(50,484)
Trading capital		**266,391**	277,708

(a) Restated - see note 1 for further details.

The main areas of capital management relate to the management of the components of working capital including monitoring inventory turn, age of inventory, age of trade receivables, balance sheet reforecasting, monthly profit and loss, weekly cash flow forecasts and daily cash balances. Major investment decisions are based on reviewing the expected future cash flows and all major capital expenditure requires sign off by the Chief Financial Officer, Chief Executive Officer and Interim Executive Chair, or, above certain limits, by the Board. There were no major changes in the Group's approach to capital management during the year. A particular focus of the Group is average leverage, measured as the ratio of average monthly net debt before lease liabilities to adjusted EBITDA reduced for lease payments.

25 Capital commitments

At 31 March 2024, the Group had outstanding authorised capital commitments to purchase plant and equipment for $1.8 million (2023: $3.9 million).

26 Related parties

	2024	2023
	$000	$000
Sale of goods:		
Hedlunds Pappers Industri AB	**152**	199
Festive Productions Ltd	**6**	3
	158	202

There were no outstanding debtor balances in the current year (2023:$nil).

Identity of related parties and trading
Hedlund Import AB is under the ultimate control of the Hedlund family, who are a major shareholder in the Company. Anders Hedlund is a director of Hedlunds Pappers Industri AB which is under the ultimate control of the Hedlund family, who are a major shareholder in the Company. Festive Productions Ltd is a subsidiary undertaking of Malios Holding AG, a company under the ultimate control of the Hedlund family.

The above trading takes place in the ordinary course of business.

Other related party transactions
Directors of the Company and their immediate relatives have an interest in 24% (2023: 24%) of the voting shares of the Company. The shareholdings of Directors and changes during the year are shown in the Directors' report within the Group's audited financial statements.

Directors' remuneration

	2024	2023
	$000	$000
Short-term employee benefits	**2,589**	3,158
Share-based payments charge	**371**	224
	2,960	3,382

27 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The subsidiary is IG Design Group Australia Pty Ltd ('Australia'). Australia is considered a subsidiary of the Group, the Group owns 50% of the share capital Australia but can demonstrate that it has control as required under IFRS. In the prior year the Group purchased the remaining 49% share of Anker Play Products LLC ('APP').

	2024	2023		
Non-controlling interest - balance sheet as at 31 March	**Australia $000**	Australia $000	APP $000	Total $000
Non-current assets	**5,976**	7,283	-	7,283
Current assets	**17,439**	16,007	-	16,007
Current liabilities	**(7,055)**	(7,959)	-	(7,959)
Non-current liabilities	**(621)**	(2,271)	-	(2,271)

	2024	2023		
Non-controlling interest - comprehensive income for the year ended 31 March	**Australia $000**	Australia $000	APP $000	Total $000
Revenue	**43,422**	49,666	-	49,666
Profit after tax	**2,988**	3,055	-	3,055
Total comprehensive income	**2,678**	1,770	-	1,770

	2024	2023		
Non-controlling interest - cash flow for the year ended 31 March	**Australia $000**	Australia $000	APP $000	Total $000
Cash flows from operating activities	**5,052**	3,978	-	3,978
Cash flows from investing activities	**(657)**	(131)	-	(131)
Cash flows from financing activities	**(1,628)**	(2,986)	-	(2,986)
Net (decrease)/increase in cash and cash equivalents	**2,767**	861	-	861

	2024	2023		
Non-controlling interest - cash flow for the year ended 31 March	**Australia $000**	Australia $000	APP $000	Total $000
Balance as at 1 April	**6,530**	6,343	1,656	7,999
Share of profits for the year	**1,494**	1,528	-	1,528
Other comprehensive expense	**3**	(3)	-	(3)
Dividend paid to non-controlling interest	**-**	(698)	(2,263)	(2,961)
Acquisition of non-controlling interest	**-**	-	607	607
Currency translation	**(158)**	(640)	-	(640)
Balance as at 31 March	**7,869**	6,530	-	6,530

28 Acquisitions

On the 15 January 2024 IG Design Group Australia Pty Ltd acquired the trade and assets of Sweetscents, an essentials oils manufacturing and wholesale business for $496,000.
The fair value of assets acquired:

	$000
Fixed assets	**84**
Trade names and customer relationships	**72**
Inventory	**134**
Fair value of assets acquired	**290**
Consideration paid in cash	**496**
Goodwill	**206**

29 Purchase of own shares

Between 13 December 2023 and 9 February 2024, the trustee of the IG Design Group Plc Employee Benefit Trust (the 'EBT'), purchased 2 million ordinary share of 5 pence each at an average price of £1.40 per ordinary share. These ordinary shares are to be held in the EBT and are intended to be used to satisfy the exercise of share options by employees.

These ordinary shares are to be held in the EBT and are intended to be used to satisfy the exercise of share options by employees. The EBT is a discretionary trust for the benefit of the Company's employees, including the Directors of the Company. The purchase of ordinary shares by the EBT has been funded by a loan provided by the Company from its existing financing facilities. The EBT has waived its rights to dividend payments.

30 Non-adjusting post balance sheet events

On 24 June 2024, the Board made the decision to permanently cease in-house manufacturing in China during the coming year. This decision was made following a comprehensive review of its manufacturing operation in China.

END

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