2024

IG Design Group plc

Annual Report and Financial Statements

What's inside

Strategic report

Governance

About Design Group

Revenue of
$800.1m
with over 1.3 billion units

Net cash of
$95.2m
(FY2023: $50.5m)

Top 20 customers make up
67%
of Group revenue

Some of our partners

Walmart
TESCO
ACTION
Costco Wholesale
amazon
ALDI
JOANN
TARGET

Financials – Group

Financials – Company

Alternative performance measures (APMs): We use both statutory reported and adjusted measures in our strategic report. Adjusted measures in management's view reflect the underlying performance of the business and provide a more meaningful comparison of how the business is managed and measured day-to-day. The definition of adjusted measures is provided in our alternative performance measures section on page 35. In order to show when such measures have been used, the APMs are highlighted in blue throughout the executive review.

At a glance

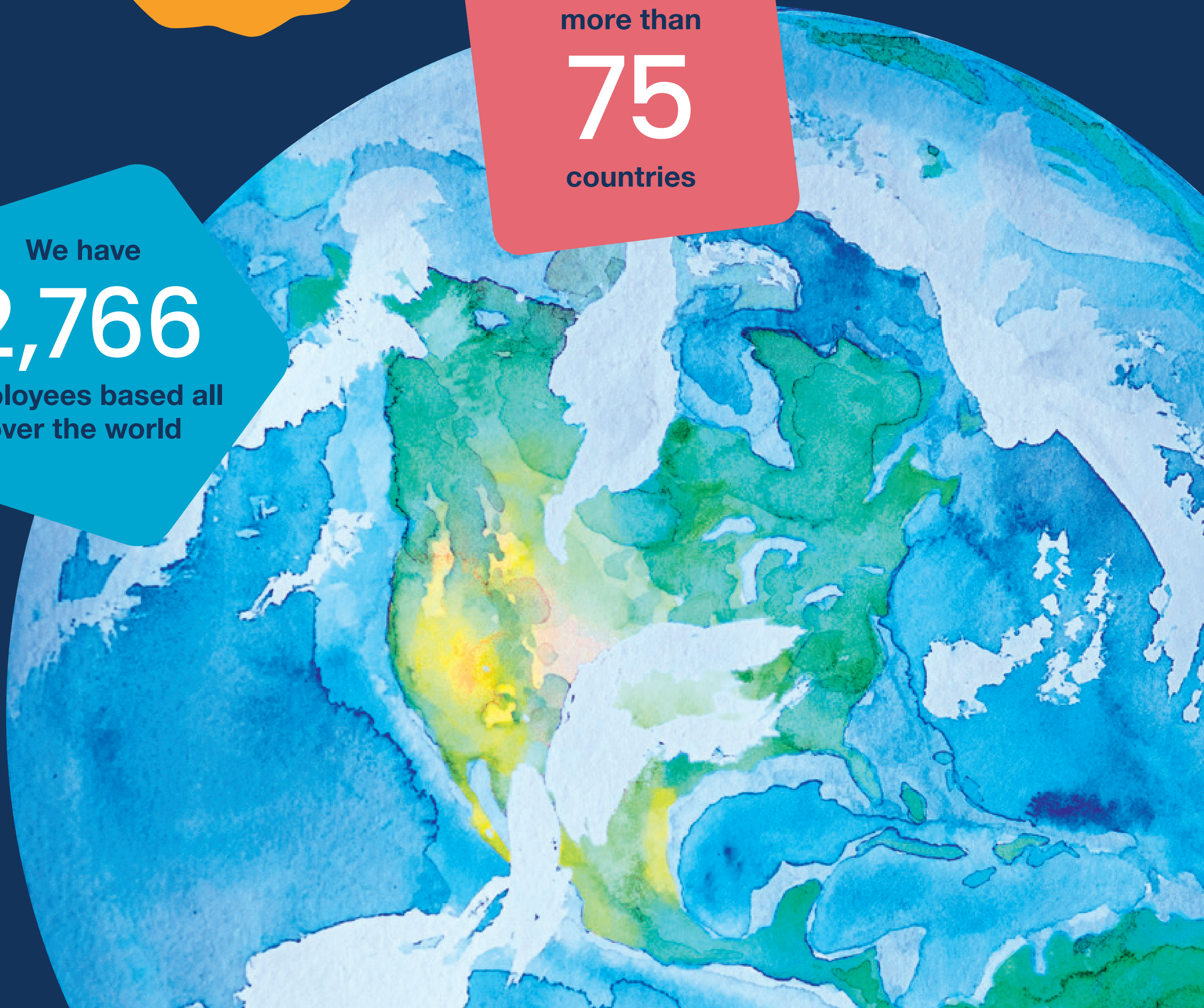
We're all **around the world**

We have more than
11,000
customers worldwide

We have operations in
8
countries

We sell to more than
75
countries

We have
2,766
employees based all over the world



Revenue by customer destination

Americas

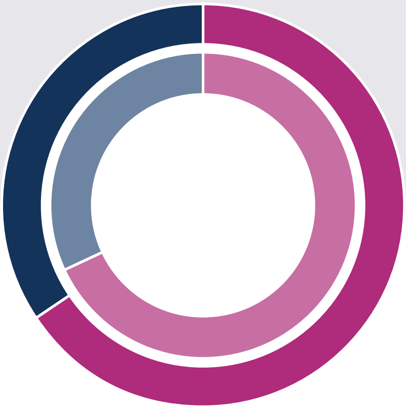
• **66%** | **$526.2m**

2023: 68% | $607.5m

Rest of World

• **34%** | **$273.9m**

2023: 32% | $282.8m



Revenue by product

Celebrate

• **69%** | **$550.2m**

2023: 69% | $614.4m

Create

• **31%** | **$249.9m**

2023: 31% | $275.8m

Revenue by season

Everyday

• **50%**

2023: 49%

Christmas

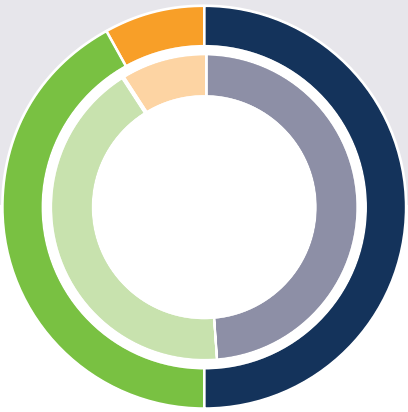
• **42%**

2023: 42%

Minor seasons

• **8%**

2023: 9%



Revenue by source

Sourced

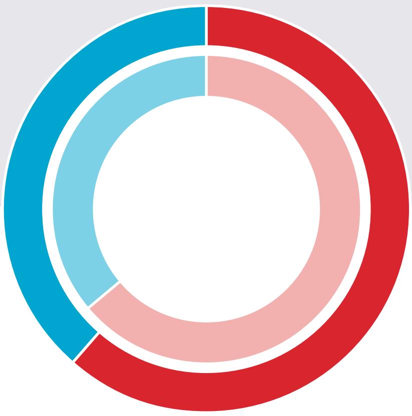
• **61%** | **$491.5m**

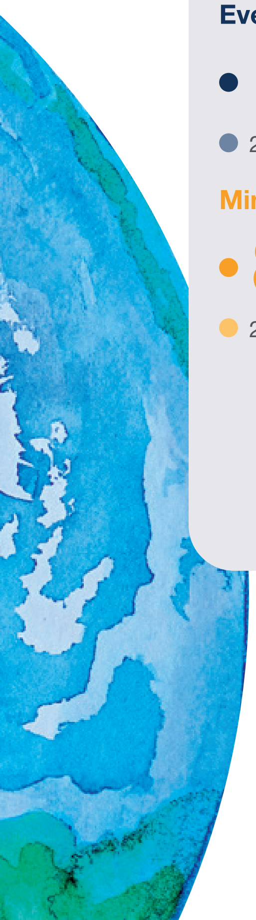
2023: 64% | $571.0m

Manufactured

• **39%** | **$308.6m**

2023: 36% | $319.3m





Highlights

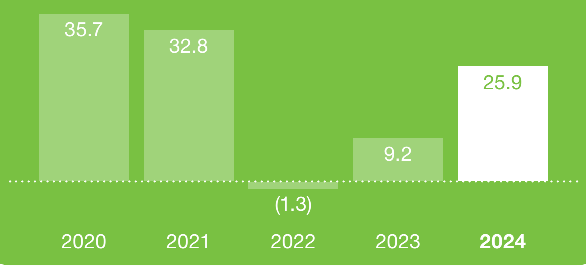
Sustained profit growth[a]

Our Target:
Deliver sustained profit growth

How we are achieving it:
Turnaround through organic growth and acquisitions

How we measure our progress:

Adjusted profit/(loss) before tax[b] ($m) **$25.9m** | **+183%**



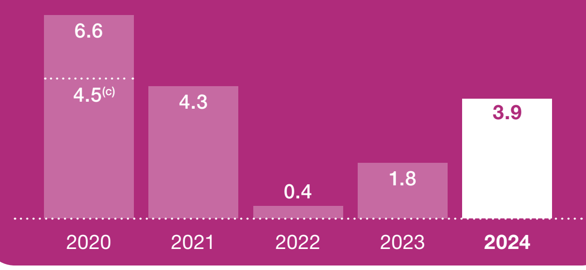
Recover margins

Our Target:
Recover to pre-pandemic levels

How we are achieving it:
Rebuild a more resilient business model

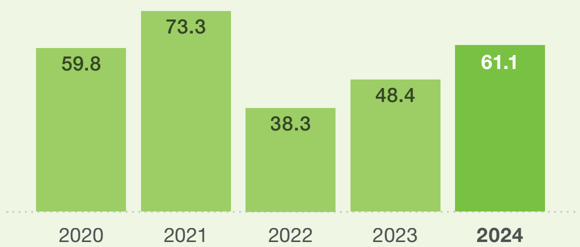
How we measure our progress:

Adjusted operating margin[b] (%) **3.9%** | **+210 bps**

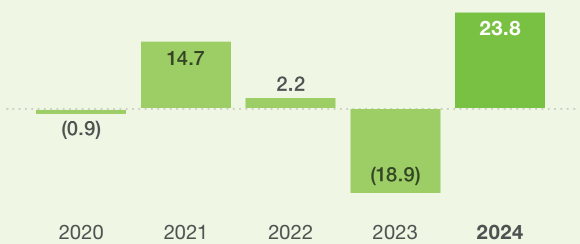


Key performance indicators

Adjusted EBITDA[b] ($m) **$61.1m** | **+26%**

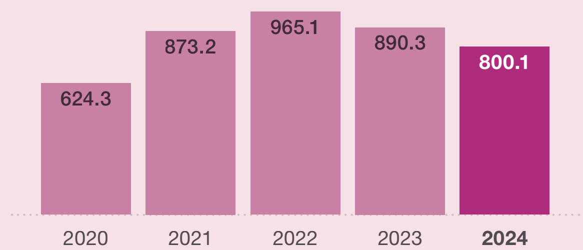


Reported profit/(loss) before tax ($m) **$23.8m** | **+226%**

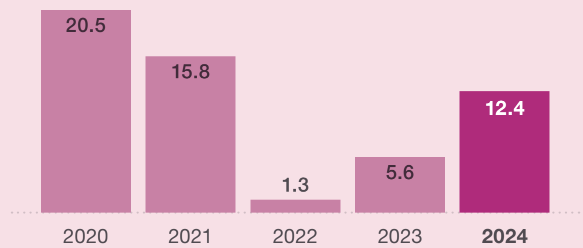


Key performance indicators

Revenue ($m) **$800.1m** | **-10%**



Return on capital employed[b] (%) **12.4%**



(a) Having returned the Group to profitability in FY2023, this commitment has been updated to sustained profit growth as we progress with the new strategy

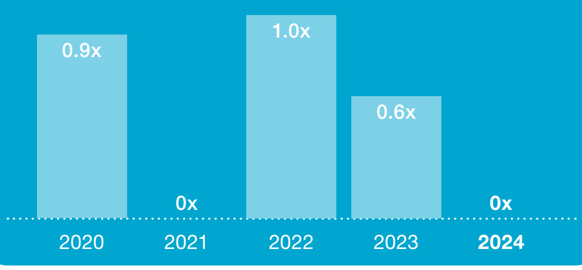
Generate cash

Our Target:
Sustain long term average leverage below 1.0x

How we are achieving it:
Robust working capital management

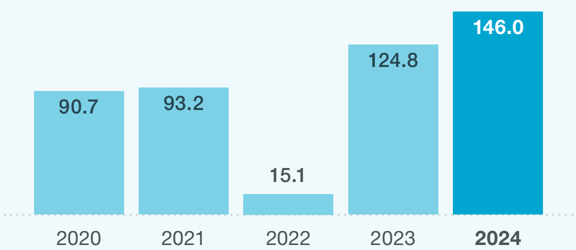
How we measure our progress:

Average leverage[b] **0.0x**

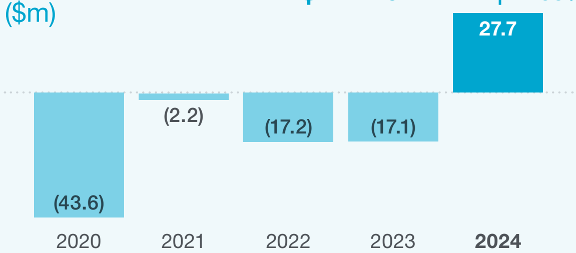


Key performance indicators

Cash conversion[b] (%) **146.0%**



Average bank cash/(debt) ($m) **$27.7m** | +263%



(b) For definitions please refer to the detailed financial review on page 35.
(c) Proforma pre-Covid-19 margin

Statement from the Chair

Stewart Gilliland
Non-Executive Chair

I am pleased to provide the overview to another year of strong performance 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 focus on the recovery with establishing a longer-term strategy to return the Group to sustainable growth. This is requiring a lot of sustained effort from everyone across the organisation. 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.

Operating results

Profit delivery was a lot stronger than our expectations given some of the uncertainties faced by our businesses during the course of the year such as consumer sentiment, international supply chains and the pressures in the retail environment in some of our markets.

The work to simplify the DG Americas business model and make it more efficient has continued, resulting in improved margins, tighter cost control, working capital reduction and cash generation in that business. The DG Americas team is making steady progress, and believe further opportunities remain to optimise the business. The DG International division has continued to grow overall, notwithstanding challenges in some of its markets where recovery work is underway and is delivering improved profits, margins and cash generation.

The challenges of high inflation appear to be receding, but its impact was addressed largely through improved efficiency, and occasionally through justifying pricing to our customers. This, when coupled with the uncertainties referred to above, can put a strain on customer relationships. I am proud to say that all of our teams have worked hard to continue delivering to our high service levels and commitments despite the backdrop. And I am pleased to see this rewarded through our customers' continued loyalty.

The significant cash generated across the businesses has enabled the Group to operate comfortably within the financing arrangements established early in the year. With those facilities in place for at least another two years, it provides a secure base from which to grow the business.

Priorities

The challenges associated with weaker consumer sentiment, disrupted international supply chains and structural pressures in the retail environment in some of our markets makes our path to recovery more challenging. Therefore the short-term focus on recovery must continue to be balanced with creating and exploiting opportunities for growth and securing the Group's relevance in a world where our impacts have to be more considered. The new strategy rightly focuses on establishing a sound base of talented people with broader capabilities and unique skills, utilising our well-invested footprint to help our customers win and our consumers celebrate and create – delivering for today, and innovating for tomorrow.

People

During the course of the year the Board has visited a number of the Group's principal sites, as well as local retailers across both divisions, and directly engaged with a large number of leaders and colleagues within our various businesses. These visits will continue as they supplement insights drawn from the more structured staff engagement initiatives that are being rolled-out.

Creativity and innovation remains at the heart of our products. But to supplement this we are investing in additional capabilities to further strengthen the appeal of our products to both our customers and consumers. This includes further developing the high level of service we provide to our customers.

Our business relies on our people, and their passion for and belief in our business never ceases to impress me, especially as we continue to take difficult decisions to restructure some of our businesses to better position for future success.

Beyond the capabilities and the commitment of our people, we have also encouraged and facilitated more collaboration between our people and teams across the Group. This represents a major cultural change to our traditional, federated model. I am pleased to say that it is bringing clear benefits in better overall performance as Group scale and capabilities are better leveraged, and best practices shared quickly and widely.

The senior leadership role changes over the past two years have been embedded, and are providing stability and clear direction in our businesses through a re-invigorated Operating Board of business unit leaders working with the two Executive Directors, Group IT director and Group General Counsel and Company Secretary. In turn, these leaders have also strengthened our talent base by further recruitment to better support our drive to grow.

Relationships

Our business model's success also relies on working together with both our customers and our suppliers in collaboration to excite our consumers. The longevity of our relationships with both of these is the envy of many, especially in the current environment of volatility and stress. Maintaining and nurturing these relationships, and forging new links is key to our future success. And rightly, this is a key element in our future strategy, as we start by ensuring that our objectives for the categories we operate in are closely aligned with our customers.

Board

Rohan Cummings joined the Board as Group CFO on 3 July 2023, and has made a good start. With this appointment I believe that the Board's composition is appropriate to work with the Operating Board to oversee our recovery and return to overall growth.

Conclusion

With a strengthened and stable Board, invigorated senior leadership across the Group and our financing secure, the Group is well set to complete its recovery over the coming year, and embark on an exciting growth strategy for the years beyond. Whilst the global political-economic backdrop could be better, the continued support of our customers and suppliers, working 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.

Stewart Gilliland

Non-Executive Chair

24 June 2024

Business model

Our purpose

Making moments **special**

Our vision

There when you create and celebrate your special moments

Our mission

Providing preferred products and solutions through insight, creativity and partnership

Our values

Our values underpin all we do

A **passion** for creativity, excellence and innovation

People with integrity and ethics working together

Delivery at **pace** with a customer focus

Responsibility to the **planet** and future generations

Our key inputs

- **Our people:**
  A passionate, skilled, diverse and innovative team
- **Our products:**
  Trusted brands and a broad portfolio of products
- **Our relationships:**
  Strong and trusted relationships with our customers and suppliers
- **Our financial strength:**
  Strengthening balance sheet

What we do

Our Goals

- Partner of choice to our customers and suppliers
- Creative and winning culture
- Deliver consistent returns to our investors

What makes us different

Award-winning service
provided through our strong, long-standing relationships with our customers as evidenced by the recent 2023 supplier innovation award from Tesco in the UK

Geographic diversity
75+
countries that our products are sold in

Broad range of products
We deliver a **'one-stop-shop'** to our customers for celebration and creative moments

Full-service partnership
through excellence and collaboration with our customers

Creating shared value

Shareholders
Long-term growth in dividends and share price

41%
Year-on-year share price appreciation to 31 May 2024

Employees
Training and development, strong teams and relationships

2,766
Number of direct employees

Customers
Innovative and trusted brands at the best prices across the globe

11,000+
Number of customers

Environment
Recognising the need to reduce our impact

48%
Single-use products fully recyclable

Communities
Local initiatives supporting local communities and national charities

$1.2 m
Amounts raised for charity

Our **strategy**

The year saw us start the transition from our recent focus on the short-term turnaround strategy initiated in June 2022, to the growth-focused strategy that was first announced this time last year.

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 Industries in March 2020. Our actual aspiration is to deliver 5.0%, 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. Beyond margin recovery and greater efficiency, the strategy has also delivered significant cash generation in the year through materially reduced working capital levels.

The stronger financial performance is establishing a more resilient platform from which to grow the business. 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 this strategy is to deliver sustained profitable growth that is primarily driven by organic efforts; and that is underpinned by a resilient and less complex business model.

This strategy is purposefully articulated as a number of attributes that we believe differentiate our services from those of our competitors. Demonstrating those attributes day-in-day-out everywhere across the Group is our strategic intent. Set out in this way, the strategy provides a checklist for our various Business Units (as well as our customers) to assess their level of service, their competitiveness and the value they bring.

During the year, all of our Business Units carried out detailed strategic reviews applying our new strategic aspirations to their local setting. As expected, these reviews have identified gaps and opportunities which have been translated into initiatives to pursue by the Business Units. Some, being common themes or issues, such as more effective sourcing, will be addressed collectively through cross-unit functional Forums, leveraging the best expertise and experience available in the Group.

Essentially, the initiatives are about driving sustainable and profitable growth, both by building the capabilities required to further develop our various businesses, as well as further simplifying the Group's operations, allowing more leverage of scale.

The new strategy was first set out in June 2023, and is summarised on the following page.

Enabling us to **win together**

Through excellent partnering

- Identifying and developing the required capabilities

Bringing consumer-focused solutions

- Brand and product development
- A better shopper experience

By growing our categories

- Sustainable products and solutions

By being the **partner of choice** that is:

Strategic

- Purposeful
- Providing good value

Adaptive

- Design-led
- Innovative

Dependable

- Resilient supply chain
- Responsible

Strong

- Talent-rich
- Flexible footprint

Collaborative

- Open-minded
- Learning

Informed

- Data driven
- Seasoned

Our strategy continued

The following are the key initiatives that are being undertaken over the next three years to 31 March 2027, in line with our new strategy. Our priorities for the coming year are also highlighted.

Strategic

Purposeful

- Adopting clearer category architecture and product portfolios, leveraging opportunities in adjacent categories and product groups to fill gaps in our offers, ending up with fuller assortments in every market we serve
- Widening our customer base, especially across continental Europe, whilst also further developing our business with our existing customers through presenting the fullest range of offers
- Developing a single-enterprise culture in our more fragmented Business Units so that they integrate and simplify further, and so better leverage the full extent of their resources and capabilities

Providing good value

- Further entry into Value, Discounter and Club channels reflecting their increased weighting in the retail environments in all of our markets
- Improving segmentation of our customers, especially the ‘long tail’ of small accounts; and more appropriately segmenting our service levels and route-to-market
- Cost optimisation in manufacturing through further site rationalisation as well as leveraging best practice followed elsewhere in the Group, combined with seeking lower-cost warehousing and domestic fulfilment opportunities

Priorities for the coming year

- Establishing more compelling go-to-market solutions for the more competitive Value and Club channels
- Reducing the cost to serve through further simplification of our product assortments
- Expanding our customer base in terms of international and national accounts across continental Europe and Australia

Adaptive

Design-led

- Continuing to invest in the design and development of products that reflect design trends and consumer preferences, creating unique selling propositions for our customers
- Identifying the key brands and further licensing opportunities that best support more premiumisation in our offers
- Improving the segmentation of our offers and service levels to provide more targeted solutions at different value propositions

Innovative

- Better adoption of social media and e-commerce to engage, market and sell to a wider audience
- Adapting our structures and processes in response to increased centralised sourcing by some of our global customers

Priorities for the coming year

- Exploration of branding opportunities to facilitate more segmentation of our offers
- More resource allocation to further penetrate the Craft & Creative Play, Stationery and Home Decor categories in continental Europe

Dependable

Resilient supply chain

- Embarking on further near-shoring opportunities to de-risk our current supply chains, finding solutions that offer more sustainable options

Responsible

- Continue to develop and sell more sustainable products, including full roll out of Smartwrap™, and gaining further distribution of our Eco Nature™ range
- Develop more sustainable transportation solutions for road and sea freight

Priorities for the coming year

- Further improve the efficiency of our giftwrap plants
- Maintain our lead in the provision of more sustainable solutions in product and product packaging and logistics
- Site relocation in Australia

Strong

Talent-rich

- Strengthening our sales and account management skills to better serve our customers, including the provision of insights
- Developing our category management skills to improve the presentation of our assortments to the consumer at retail, helping them to better navigate our offers

Flexible footprint

- Redesigning our organisations to simplify operations, improve effectiveness and enhance efficiency to become more competitive and more sustainable at both a local and overall Group level

Priorities for the coming year

- Simplification and restructuring of some category teams to broaden and strengthen capabilities
- Further investment in technical manufacturing skills
- Expand distribution in the Independents channel

Our strategy continued

Collaborative

Open-minded

- Digitise and standardise our intellectual property management processes across the Group to share and exploit the Group's intellectual property more effectively
- Establish a Group-wide approach to sourcing

Learning

- Improving our level of knowledge in the areas of e-commerce, data analysis, category management and selling skills
- Investing in the continued development of our teams, especially in the commercial arena, leveraging a variety of tools and approaches

Priorities for the coming year

- Establishment of Insights Teams to support the selling process
- Improved segmentation of our offers and more effective category management
- Identify and explore "bolt-on" M&A opportunities in DG International

Informed

Data-driven

- Consolidating our current fragmented ERP landscapes within each Business Unit
- Developing improved, deeper market insights to inform our focus and decision making

Seasoned

- Leveraging experience, expertise and best practice from across the Group to fine-tune business processes to make them more effective and efficient
- Strengthening our key account contact teams, and better reflect the increasingly globalised approach of our biggest customers

Priorities for the coming year

- ERP consolidations and upgrades in certain businesses
- Investment in platforms that enable data and IP sharing across the Group

Our early experience with the new strategy revealed the need to also revisit aspects of the Group's traditional culture and internal ways of working.

Firstly, the Operating Board was reconstituted as the body to lead the Group's operations in pursuit of this strategy. The Operating Board comprises the two Executive Directors, Group IT director and Group General Counsel and Company Secretary and the leaders of the Group's five principal businesses. This meets monthly, and at least annually holds a joint meeting with the Board.

Secondly, to facilitate cross-business collaboration and sharing with the right level of expertise, seven Forums were established. These Forums comprise senior leaders and technical experts from across the various Business Units as well as some Operating Board members. Their scope and priorities are determined by the Operating Board. The seven Forums represent the following areas of operations:

- Commercial
- Manufacturing
- Finished Goods Sourcing
- Sustainability
- People
- Technology
- Finance

Forums convene as required, but typically with a regularity ranging from monthly to quarterly.

Thirdly, to ease the workings and progress of these teams, the Operating Board revisited the Group's Purpose, Vision, Mission and Values. The intention being to arrive at more up-to-date, commonly agreed articulations that will eventually better align everyone across the Group in collective endeavour, and better leverage our combined capabilities and experience.

The outcome of the Operating Board's work in this area resulted in the following articulations:

The Group's Purpose:

Making Moments Special

The Group's Vision:

There when you **create and celebrate** your special moments

The Group's Mission:

Providing preferred products and solutions through **insight**, **creativity** and **partnership**

The Group's Values:

- A **passion** for creativity, excellence and innovation
- **People** with integrity and ethics working together
- Delivery at **pace** with a customer focus
- Responsibility to the **planet** and future generations

Successful execution and delivery of the various initiatives in the new strategy will significantly strengthen our partnership capabilities and enable our teams everywhere across the Group to deliver even more consumer-focused solutions, first to our existing and longstanding customers – helping them to continue winning at retail; and then to potential customers attracted to what we can offer and deliver.

The resulting, better presented, product solutions will enhance the value of our categories in the retail space; and through the development of more sustainable product and packaging solutions, delivered responsibly, the win will extend beyond the shoppers and consumers of our products, to our planet itself.

The Group remains well-capitalised in terms of its installed manufacturing base. Therefore, the prime use of capital investment over this period will be in the deployment of innovation and technology to support growth, especially the pursuit of sustainable products and solutions, and support the widening of our present assortments to better serve changing trends. Selective "bolt-on" M&A opportunities will only be considered where they can accelerate entry into new product groups, new categories, new channels and customers, or new geographies where we can leverage our existing category strengths. Transformative M&A is not on the agenda. This should also mean that the Board can introduce a sustainable dividend policy once the turnaround is assured, thereby reinstating more tangible investor returns.

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

Our strategy in action

The power of partnership: Tesco and DG UK

Links to our strategic capabilities

- Strategic
- Adaptive
- Dependable

The collaboration between Tesco and DG UK is a powerful example of how strategic partnerships can drive innovation and value in the retail sector. The 28-year relationship serves as a solid foundation for future growth for both businesses, one that is built on mutual respect, shared goals, and a proven track record of delivering results.

Innovation through teamwork

When the iconic Paperchase brand was acquired by Tesco in January 2023, DG UK seized the opportunity to be at the forefront of this new and exciting project.

The in-store launch of this well-loved brand required a supply partner with speed, agility and passion and DG UK stepped into this role with unmatched enthusiasm and efficiency.

Through market research to better understand the Paperchase consumer profile, the DG UK team were able to create a range vision, full of colour and fun! In March 2023, DG UK hosted the newly formed Paperchase team at our manufacturing site in South Wales, to present an array of exciting products and design concepts. As a result, we were strategically selected as a major partner capable of delivering a brand-new product range in half the time normally allocated to a project of this size.

The passion, drive and creativity flowed from all our internal teams, including Creative, Commercial and Product Development. We worked collaboratively and at pace with the Paperchase team to realise a showstopping range of gift bags and wrapping paper for both the Christmas and Everyday greetings category.

This multi-faceted and talented teams approach delivered the brief perfectly, and then worked with other DG UK teams, based both in the UK and in the Far East, to drive a fast project turnaround, ensuring the critical paths were met at every step of the way.

Innovation at the forefront

Our teams embraced the challenge of creating a premium product range, to truly inspire the consumer in-store. A critical part of this approach was the introduction of our new, EU/US patented (pending) concept – Smartwrap™, a plastic-free packaging solution for wrapping paper that provides an attractive and robust in-store solution, which protects the roll from tearing when handled. Our product and production teams commissioned the new machine, managing trials and delivering the solution under the tight time pressures.

Recognising excellence

In recognition for our product and design service, on-time-in-full delivery, and overall commitment to the Paperchase project, the DG UK team were thrilled to be awarded the prestigious Tesco Supplier Innovation Award.

Looking ahead

As we look to the future, the excitement continues with the development of new ranges for 2024 and a continued partnership dedicated to innovation, market differentiation, and value creation for every stakeholder.

Our strategy in action

Strategic selling: DG Americas

Links to our strategic capabilities

- Strategic
- Strong
- Informed

In Spring 2023, DG Americas was invited to participate in the bid process for products to be included in a key retail partner's spring/summer seasonal modulars for calendar year 2024. The request included a requirement to recommend an assortment providing a range of inspiring products across a number of different categories that would enliven several of the season's important celebrations: Mother's Day, Father's Day, Graduation, Patriot's Day, as well as the Summer season.

A break from the past

Historically, a number of different teams within DG Americas would have responded to the request. Each would have separately presented their product categories for each season and celebration, at times duplicating efforts across the various category teams. Going into the product presentation this time, the DG Americas adapted to a newly established approach, shifting from an item selling approach to a more strategic, consumer-led insights selling approach. This was further leveraged in terms of both effectiveness and efficiency by forming one consolidated commercial team to respond to the customer. Supported by the analytics division, the team started by focusing on the "why behind the buy", and thus presenting one comprehensive solution-based proposal.

Consumer-led insights selling approach

Growth in total category placement

One team approach

Insights-drive

The analytics division enabled the team to present consumer and market insights for each of the celebrations and seasons, along with a recommended product placement layout that responded to those insights. The presentation focused on consumer segmentation, shopping behaviours and key adjacencies to drive a total market basket for the retailer. In doing this the team demonstrated not only their deep category expertise, but also their alignment behind the key retailer's strategic priorities.

Differentiated solutions

As a result of employing this new approach, the team secured a significant year-on-year increase in net sales for the Spring/Summer seasons, growing the total of our category placement to seven product lines, stretching from Decor to Creative Play. Additionally, our effort provided a tangible demonstration to this major customer of a go-forward way of working that sets DG Americas apart from its competition as a dependable, long-term partner that provides far more than just great products, providing end-to-end solutions with a win-win mindset.

CEO's review

Paul Bal
Chief Executive Officer

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."

CEO's review continued

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 (Minnesota), 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.

CEO's review continued

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
Specialist	16%	$130.7m	17%	$153.7m
Independents	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	FY2023		FY2022	
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.

CEO's review continued

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.

Paul Bal

Director

24 June 2024

CFO's review

Rohan Cummings
Chief Financial Officer

Strong Financial Position

The Group delivered another year of significant growth in profit and a very strong cash flow performance positioning it well for future growth

Highlights:

- Group revenue at $800.1 million, a 10% decrease versus prior year
- Adjusted operating profit of $31.1 million, an increase of 94% on prior year
- Adjusted operating margin increased to 3.9% up 210 bps on the prior year
- Adjusted diluted EPS of 16.3 cents, an increase of 16.5 cents
- Reported profit after tax of $37.1 million, an increase of $63.6 million on the prior year
- No dividend declared for the year
- Net cash of $95.2m, an increase of $44.7 million from the prior year
- Average net cash position of the Group over the year of $27.7 million (prior year average net debt $17.1 million)

Detailed financial review

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

	FY2024			FY2023		
	Reported $m	Adjusting items $m	Adjusted $m	Reported $m	Adjusting items $m	Adjusted $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	6.0	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.

CFO's review continued

Net finance costs

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:

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.

Adjusting Items	FY2024	FY2023
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

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.

CFO's review continued

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).

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.

Cash flow	FY2024	FY2023
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	(0.5)	—
Interest paid	(5.2)	(7.3)
Lease liabilities principal repayments	(4.5)	(5.3)
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

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 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.

CFO's review continued

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

Sustainability

Helping design **a better future**

Our sustainability framework, 'Helping design a better future', guides our approach to sustainability, outlining our commitment to environmental, social, and governance responsibility. As a market leader in our industry, we aim to minimise our impact on the environment by continuously challenging ourselves to find ways in which we can use our scale and people to influence and drive positive, proactive change. At the heart of our organisation lies a dedication to ethical and sustainable practices that not only benefit our business but also positively impact the world around us.

Underpinned by a selection of the United Nations Sustainable Development Goals (SDGs), this framework embodies our values of integrity, innovation, and collaboration as we strive to create a better future for all.

The Group has made good progress in recent years, striving towards compliance with the requirements of the Non-Financial Sustainability Information Statement (NFSIS), the Companies Act reporting, which is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) reporting, in addition to leveraging our innovation and customer relationships to develop, produce and supply sustainable ranges.

The following pages provide insights into our performance within each of the three pillars outlined in our framework. While we take pride in our progress, we acknowledge that we are still early on 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.

People

People are at the heart of our success

- Employee engagement, talent and skills
- Health, safety and wellbeing
- Diversity, equality and inclusion
- Giving back to our communities

Read more on page 38

Product

Sustainable by design

- Sustainable sourcing
- Sustainable products and packaging

Read more on page 44

Planet

Innovating to reduce our environmental footprint

- Reducing our environmental footprint
- Design with the environment in mind

Read more on page 48

Underpinned by the United Nations Sustainable Development Goals (SDGs)

Link to our strategy

Our sustainability framework, 'Helping design a better future', allows us to adopt a holistic business-wide approach to sustainability, as demonstrated in the articulation of our new strategy. Integrating sustainability into our business strategy not only aligns with our core values but also gives us competitive advantage and resilience in an increasingly mindful world. Sustainability initiatives across our operations, supply chain, and product offerings both diminish environmental impact, and mitigate risks by unlocking new market opportunities.

Partner of choice

We aim to foster the relationships we have with all of our stakeholders to continue building a sustainable Group. This principle spans from our customers to our suppliers, and from investors to our banking partners. We work closely with our customers, focusing on developing ranges with sustainable values at their core, to promote sustainable business.

Similarly, with our suppliers, we endeavour to source the most responsible materials that we can, and manufacture as environmentally sensitively as possible. By adapting our habits, we aim to drive positive change in relation to global warming, the pollution of our ecosystems as well as biodiversity.

Winning together

Our aim is to work alongside our retail partners to achieve our mutual sustainability goals. By providing a compelling assortment of sustainable product and product packaging options, we can continue to influence the habits of our customers and consumers through appealing, innovative solutions. Ultimately, through this commitment to promoting sustainability, we can strive to achieve our sustainability goals.

Link to our business model

Our environment is one of our key stakeholders which we see as an integral part of our agenda going forward.

Sustainability continued
People

People are at the **heart of our success**

People

At Design Group we employ over 2,700 people across four continents in a variety of roles and operations. We value the hard work of all our teams and recognise that Design Group would not be who we are without their talent and dedication. We wish to create a working environment where our employees feel supported and valued, with their achievements recognised and rewarded. Though our Group operations are varied in many ways, each part of Design Group globally is committed to operating in a responsible and sustainable manner, with a focus on having a positive impact in every interaction we have. And increasingly, more collaborative ways of working across the Group are also being introduced.

United Nations Sustainable Development Goals (SDGs)

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

University collaborations

At Design Group we encourage working collaboratively with local universities, schools and colleges to engage with our communities, identify new talent and bring an external lens to our new product development.

The Celebrate team in DG UK established a relationship with the School of Art and Design at Cardiff Metropolitan University. A 24-hour challenge with the Product Design and Textile Design students was launched to drive innovation in the Christmas Cracker category.

Following an initial overview of Design Group, consumer insights and the project brief, the 65 students were put into teams to create a new cracker concept that considered generational change, sustainability, and technological advances. Working with the support of our product experts, the students presented their ideas back in a pitch after 24 hours.

All students were awarded with vouchers for their participation and the winning individuals will complete 2 weeks paid work experience on site.

These collaborations have been a great way to tap into the creativity and skill sets of external talent in local communities whilst offering access and insight to our expert knowledge.

Sustainability continued
People

Employee engagement, talent and skills

Why it's important to us:
We are committed to ensuring that we are providing a positive employee experience and creating a culture that is open and honest, where everyone feels respected, valued and heard and contributes to our success.

Our key performance indicators:

Employee turnover

15%

FY2023: 20%
FY2022: 24%

Definition: The voluntary turnover of permanent employees in the year (%)

Why chosen: It is important to us that we create an environment where our employees enjoy coming to work

Employee turnover has once again decreased this year, now standing at 15% compared to the previous 20%. This reduction is a testament to the positive working environment we are creating. Our values remain at the heart of our business, and we have continued to make progress this year in developing employee engagement practices across all levels of the business.

Last year saw the launch of our first Group-wide employee engagement survey 'Your Voice. Our Future'. Building upon this foundation, this year we are improving our efforts by partnering with a leading expert in developing employee experience programmes. This investment highlights our commitment to providing the best employee experience for our staff, gathering continuous feedback and delivering real-time insights to our managers to drive actionable change.

We continue to focus on development across all of our business units, recognising that building capability and planning for the future is core to our success. Taking the lead from DG Europe, the DG UK team have developed a Talent Academy which focuses on internal training for all members of staff, supported by external qualifications where relevant. Around the Group we have also continued with our emerging leaders and leadership training activities across all business units coupled with executive development/coaching where appropriate. Taking on feedback from last year's employees survey, there are a number of initiatives in the pipeline for the coming year. With so many talented employees, we will continue to foster a culture where our employees can develop and thrive.

Health, safety and wellbeing

Why it's important to us:

We are committed to providing our employees with a safe and healthy working environment.

Our key performance indicators:

Number of accidents

72

FY2023: 83
FY2022: 116

Definition: The number of accidents in the year across our global manufacturing, warehouse and office facilities. An accident is where first aid or other medical treatment was required

Why chosen: Keeping people safe and healthy is a moral and a business imperative that applies to all who work for and visit Design Group

We are pleased to report that for the second consecutive year, the number of accidents across our facilities has decreased. This continued reduction is a positive indicator of our commitment to maintaining a safe working environment for our employees.

This year we have placed a significant focus on strengthening mental health support for our employees.

This is being achieved in many ways across the Group from webinars, to mental health first-aiders, and the introduction of employee's personal stories to highlight the importance of looking after our mental health.

In addition to mental health support, a range of wellbeing initiatives have been implemented across all of our facilities this year.

These include pre-shift stretching sessions aimed at reducing workplace injuries, walking and fitness challenges, dedicated weeks for women's and men's health, campaigns promoting healthy eating habits, and support for individuals transitioning into retirement.

Continuing our commitment to adaptability, we have continued to refine our flexible working practices with the introduction of a holiday purchase scheme in the UK and new policies in the US that include paid time off for new parents and support for significant life events such as milestone birthdays and weddings.

All of these initiatives are rooted in our aspiration to create a positive employee experience, ensuring we are able to attract and retain top talent, whilst empowering our workforce to make well-informed choices about their health and wellbeing.

Sustainability continued

People

Diversity, equality and inclusion

Why it's important to us:

Our international culture promotes diversity, equality and inclusion and in line with our Group values, we aim to treat everybody with dignity and respect. We strive for a workplace that offers opportunity, is fair and inclusive and upholds the highest standards of integrity and human rights.

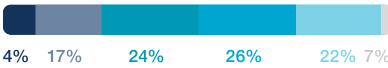
Our key performance indicators:

All employees

Gender diversity

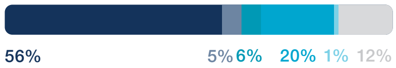
● Female: 56% | ● Male: 44%

Age diversity



● 18–24: 4% | ● 25–34: 17%
● 35–44: 24% | ● 45–54: 26%
● 55–64: 22% | ● 65+: 7%

Ethnic diversity



● White: 56% | ● Black: 5%
● Hispanic/Latino: 6% | ● Asian: 20%
● Two or more races: 1%
● Other/Not available: 12%

Senior management team

Gender diversity

● Female: 37% | ● Male: 63%

Age diversity

● 25–34: 3% | ● 35–44: 10%
● 45–54: 35% | ● 55–64: 48%
● 65+: 4%

Ethnic diversity

● White: 60% | ● Asian: 5%
● Other/Not available: 35%

Note that senior management team (SMT) is as defined locally across the Group. These figures also include the Board as at 31 March 2024. For more detail on the latest Board diversity, please see page 74.

Why chosen: Our aim is to create equal opportunities for all. At Design Group we recognise that having a diverse workforce enables us to innovate and make better decisions and helps us meet the needs of our employees, customers, consumers, communities and shareholders.

Our strength as a team lies in our diversity, and by recognising and appreciating the contributions of every individual, we create a workplace that is not only more vibrant but also more innovative and successful.

We recognise the importance and benefits a diverse workforce brings. This year we partnered with an external training provider to deliver equality, diversity and inclusion training to the Board and Leadership Teams. It is important to us that we continue to create an inclusive culture for every member of our team.

In total across the Group, the annualised full-time equivalent salary of women is almost in line with men, albeit marginally lower (1% median and mean pay gap). This is a small gap partly due to half of our workforce being hourly paid employees who get paid the same rate within a location regardless of gender.

The other driver of our low gender pay gap is high female representation at senior and mid-senior levels, particularly in the USA and UK. At a senior leadership team level, the mean gender pay gap is higher due to executive director positions currently being held by men. However, it has improved on last year due to a higher proportion of women in leadership roles. The Board is committed to gender equality and wishes to maintain a fair approach to pay management across the Group going forward.

We understand that greater flexibility in the workplace enables women to progress and gives them the ability to balance home and family commitments. We also recognise the impact that flexible working practices have on engagement, retention and progression. We will continue to develop practices across all of our business units that help us achieve this.

Furthermore, we have continued to celebrate the uniqueness of our staff and developed an equality, diversity and inclusion calendar of events. This year we celebrated International Women's Day globally, emphasising, with the #inspireinclusion campaign celebrating diversity, empowerment and the achievements of women across our business. Another milestone of the programme calendar is the History of Pride, which also supplements our commitment to mental health and cultural celebrations worldwide. Going forward, we will continue to drive an inclusive, diverse and equal future and continue to educate our teams on the benefits of a diverse workforce.

Giving back to our communities

Why it's important to us:

In line with one of our key values, we endeavour to be good citizens and aspire to give back to the communities around us with the aim of building a more considerate and sustainable place to work.

Our key performance indicators:

Charitable donations

$1.2m

FY2023: $1.8m
FY2022: $0.7m

Definition: The total value of cash and inventory donated to charity over the year

Why chosen: The communities where our Group businesses are based, and where many of our team members call home, are important to us. We aim to give back in all of the communities where Design Group is present, continuously taking actions and promoting initiatives that create a positive impact.

We recognise that our success is linked with the well being and prosperity of the communities we operate in. We want to support local initiatives that are important to us and our employees. By partnering with local organisations, we can make a meaningful and sustainable impact in our local communities.

In the USA we have participated in "Read across America" by reading at a local community school, volunteering in neighbouring soup kitchens and made many local donations including a donation for playground equipment to enhance access for individuals with disabilities.

In the Netherlands we have donated €100 per employee to several charities selected by the workers council. These have included donations to a local hospice, food bank, cancer charity, the Red Cross and a conservationist organisation who look after the local nature reserve.

Our Australian team have generously donated over A$200,000 to support charitable organisations. Additionally, they have partnered with a key customer for the "Restoring Australia" initiative, which pledges to plant two trees for every one used, based on the weight of paper products purchased by consumers.

In the UK, our contributions include £3,000 via our charity committee, where employees nominate charities in the local community to receive donations. In addition, we have launched a volunteer initiative with many of our staff participating in local tree planting events. We remain dedicated to our partnership with the Trussell Trust and recently presented a cheque to the value of £103,000, generated through the sale of Tom Smith crackers.

Sustainability continued
Product

Sustainable by design

Product

We recognise that the nature of many of our products makes it even more important that we leverage our innovation to create sustainable collections to promote to our customers and beyond. As the world develops, populations are consuming more, which becomes an issue when a large proportion of goods are not only single-use but also not recycled.

This leads to more waste going to landfill and being burned, contributing to global warming and contamination of our oceans. Design Group are committed to promote positive change; to use sustainable sources, to design sustainable ranges and reduce the use of single-use plastics across both our products and their packaging.

United Nations Sustainable Development Goals (SDGs)

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Eco Nature™ cards

- Made in the UK
- Made from recycled materials
- Fully recyclable
- No unnecessary packaging
- Offsetting the carbon from the production via the Woodland Trust

Our key UK brand, Eco Nature™, extended its range this year to include single greetings cards following the success of the existing greetings range.

An initial collection of 33 cards was launched featuring happy birthday generic designs, children's and specific family birthday and other occasions. Our vibrant and commercial designs aim to compete with the wider card market.

Harnessing the ingenuity of our design teams, to extend the life of the product, our cards contain additional designs on the inside, from wellbeing tips to things to look out for in nature, how to care for the animals around us and even food recipes. Since the launch of the card collection, Sainsbury's have showcased six everyday designs in their range across two hundred stores. Building on this success, we have introduced an additional six Mother's Day cards. We are also actively exploring future opportunities to further develop and expand the brand.

Sustainability continued

Product

Sustainable product and packaging

Why it's important to us:

Successfully designing, promoting and selling our sustainable greetings collections means we are encouraging a circular economy which reduces waste and the impacts of production, consumption and disposal on the environment. We are in a position where we can offer sustainable product ranges at a time where demand for sustainability is only going to increase. Now is a key time for us to support the transition to a circular economy whereby not only are our products made from recycled raw materials, but they are also either reused, recycled or composted at the end of their life cycle.

Across the Group, 48% of the Group's single-use products, including items such as gift wrap and greeting cards, are fully recyclable. These products can be conveniently recycled either at the household level or at local supermarkets, reflecting our dedication to encouraging a circular economy. As single-use products account for 49% of our total Group sales, this achievement shows our proactive approach towards reducing environmental impact while meeting consumer needs. Our continued focus on innovation, with ideas such as shrink-free wrap and packaging-free greetings cards, has enabled us to maintain a largely consistent proportion of fully recyclable ranges compared to prior years, despite all the other challenging market conditions being faced.

The packaging of our product is just as important to reduce the levels of waste going to landfill, to contribute to a greener future. This year 66% of the Group's product packaging is recyclable which is in line with prior years. In recent years we have invested in technology aimed at revolutionising our product offerings. This includes the development of shrink-free gift wrap, an innovation designed to eliminate the use of plastic from the product and the packaging, resulting in the launch of Smartwrap™ in our continental European market. Following the success of Smartwrap™ in continental Europe, with its cutting-edge machinery, innovative design, premium product quality and strong commercial appeal, we have also begun launching it into the UK market, albeit on a more gradual, smaller scale. Smartwrap™ complements the existing Eco Nature™ range which is proudly manufactured and sourced locally within the UK. By combining innovation with sustainability, we continue to reinforce our commitment to delivering environmentally friendly solutions while meeting the evolving needs of our customers.

Our key performance indicators:

Fully recyclable product ranges

48%

FY2023: 46%
FY2022: 47%

Definition: The proportion of Design Group's single-use[(a)] products which are fully recyclable.

(a) Single-use products are those which are intended to, or likely to, be used only once before being disposed of. Single-use products make up 49% of Group sales (FY2023: 53% FY2022: 49%).

Fully recyclable packaging

66%

FY2023: 66%
FY2022: 66%

Definition: The proportion of Design Group's consumer sales packaging which is fully recyclable

Why chosen: We aim to leverage our design and innovation skills to continue to develop new, sustainable ideas to promote to our customers.

Sustainable sourcing

Why it's important to us:

The integrity of our product starts with responsible sourcing from both an environmental context as well as a social one. As a business where paper is one of our largest raw material purchases, we are committed to ensuring that only sustainable sources of paper are used, to go beyond compliance and certify high standards of forest management. Further to this, our values extend to the fair working conditions and human rights at all stages in our supply chain.

Supplier audits

365 across **592** suppliers

Definition: The number of ethical audits carried out across our supplier base in the year

Why chosen: We recognise that having a wide global supplier base requires a detailed level of engagement to ensure our suppliers fundamentally comply with regulations and guidelines and respect human rights. Ethical audits allow us to gain insight into supplier conduct and fair working conditions across our supplier bases.

Sustainability continued
Planet

Innovating to **reduce our footprint**

Planet

We believe we have a responsibility to protect and preserve our planet and its environment and that our success as a Group significantly depends on it. The global climate change threat is a result of many years of unsustainable activity by the world's growing population. We have the ambition to reduce our impact on our surroundings to promote the longevity of the planet for future generations. This will be a journey for the Group as we learn of new methods to improve our operations to reduce greenhouse gas emissions and to reduce waste sent to landfill.

United Nations Sustainable Development Goals (SDGs)

Planet

One of our businesses in continental Europe made progress this year by focusing on one of the largest Scope 3 emission contributors – transport.

By signing up to an initiative which uses an innovative concept called carbons insetting, greenhouse gas emissions are reduced.

Carbon insetting is where CO_2 emissions are reduced within the same sector they are emitted in, the supply chain, to directly eliminate emissions. Emissions are reduced by switching from fossil fuels to sustainable biofuels. This differs from carbon offsetting where accredited projects outside your supply chain are invested in to compensate for carbon emissions.

Carbon insetting leads to lasting changes in operations that reduce carbon emissions in the long run, however both insetting and offsetting are positive steps on the journey to becoming a more sustainable business. 75% of our trading European businesses shipping emissions were inset in FY2024.

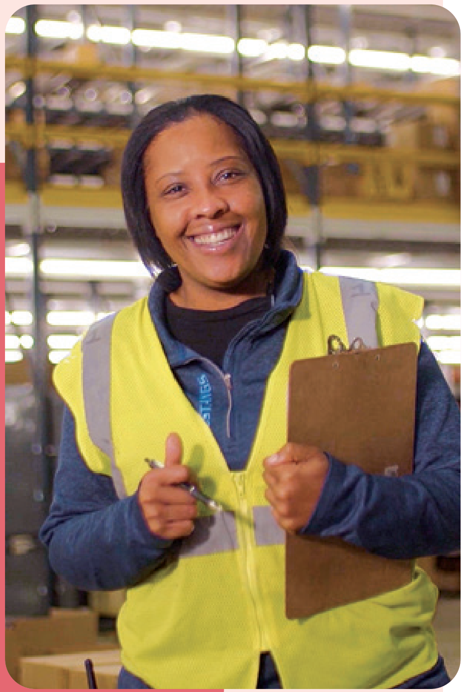
Sustainability continued

Planet

Reducing our environmental footprint

Why it's important to us:

A large part of Group operations are manufacturing based and our operational excellence continually drives efficiency improvements. We consider climate change in all our activities and strive to reduce our environmental footprint with our carbon footprint continually under review.



Our key performance indicators:

Waste sent to landfill

33%

FY2023: 28%
FY2022: 29%

Definition: The proportion of waste sent to landfill at our operational facilities

Why chosen: It is important that we employ the most sustainable practices where we can and reducing the waste sent to landfill directly reduces our carbon footprint.

The increase in the proportion of operational waste to landfill is primarily driven by the restructuring projects in DG Americas, with site consolidation leading to increased waste disposal. In line with Group strategy, whilst the consolidation of sites continues, the waste sent to landfill may not decrease. While the UK and continental Europe sites have achieved commendable progress, with no waste being sent to landfill in recent years, it indirectly means the Group percentage of waste to landfill is driven by DG Americas.

We have a selection of brands and ranges across the Group that are climate neutral, including DG Europe giftwrap, gift bags and Eco Nature™. Through local manufacture of giftwrap and bags, supported by our investment in manufacturing and technology, we reduce our reliance on freight and consequently lower our carbon footprint. Additionally, this supports our local economies around the globe.

This year, 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.

Our Climate-related Financial Disclosures

Introduction

At Design Group we recognise the importance of understanding the current and future potential impacts of climate change on our business. This year we have undertaken a comprehensive analysis of climate-related risks and opportunities on our strategy, taking into consideration their financial impact and considering them under different timeframes and scenarios.

The following report also covers the Board's oversight of climate-related issues, the Group's integration of climate change within our overall risk management processes, our strategies for managing climate-related risks, and relevant metrics used to measure our progress.

The Board notes the requirement for mandatory climate-related disclosures within the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which this report addresses. The provisions of s414CB of the Act comprise specified climate-related disclosures that are aligned with the TCFD, but do not directly reference these. In setting out this report, we referred to the guidance on the 'Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs' issued by Department for Business, Energy & Industrial Strategy, alongside in addition to TCFD guidance.

Additionally, following amendment of sections 414C, 414CA and 414CB of the Companies Act 2006, the Group has indicated in the table opposite which of the climate-related disclosures, outlined in Section 414CB, are addressed by the TCFD recommended disclosures, alongside the pages where these are located.

It should be noted that, we are yet to set targets to manage climate-related risks and opportunities (Metrics & Targets (c)), and at present we are not in a position to calculate our Group-wide Scope 3 emissions (Metrics & Targets (b)). Having rolled out new Environmental, Social and Governance (ESG) reporting software across the Group in FY2024, we hope to improve data collection from upstream and downstream emissions over the coming years.

Sustainability continued

Our Climate-related Financial Disclosures

Non-Financial Sustainability Information Statement

Recommendation	Recommended disclosures	Page reference	TCFD
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) A description of the company's governance arrangements in relation to assessing and managing climate risks and opportunities	Page 53	(a), (b)
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	b) A description of how the company identifies, assesses and manages climate risks and opportunities	Page 53	(a), (b)
	c) A description of how processes for identifying, assessing and managing climate risks are integrated into the company's overall risk management process	Page 53	(c)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	d) A description of: The principal climate risks and opportunities arising in connection with the company's operations The time periods by reference to which those risks and opportunities are assessed	Pages 55-60	(a)
	e) A description of the actual and potential impacts of the principal climate risks and opportunities on the company's business model and strategy	Pages 55-60	(b)
	f) An analysis of the resilience of the company's business model and strategy, taking into consideration different climate scenarios	Pages 55-60	(c)
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	g) A description of the targets used by the company to manage climate risks and to realise climate opportunities and of performance against those targets	Pages 60-61	(c)
	h) A description of the key performance indicators used to assess progress against targets used to manage climate risks and release climate opportunities and of the calculations on which those key performance indicators are based	Pages 60-61	(a), (b)

Governance

Board of Directors

Chair:

Stewart Gilliand

Number of meetings in FY2024:

9, of which 2 had ESG on the agenda

↓

Sustainability Forum

Chair:

Paul Bal, CEO

Number of meetings in FY2024:

5

↓

Business Units

Board level

The Board has overall accountability and oversight of sustainability issues, including climate change and its associated risks and opportunities. The Board, via delegation to the Audit Committee, reviews climate change risks in line with the risk management framework, and climate change risks and opportunities are included in the overall Group risk register. In addition to this, ESG is an agenda item of the Board and other sub-committees.

The Board receives formal updates at least twice annually. The Board is kept informed of regulatory requirements and on product sustainability and operational efficiencies via the bi-annual ESG updates and by the CEO and Operating Board. At year-end, the Board also reviews the external sustainability report and KPIs. During the year the Board reviewed capital expenditure approvals which include an ESG dimension.

The Board includes non-executive directors who in their external appointments have overseen the submission of net-zero targets to the Science-Based Targets Initiative. This experience will be beneficial as the Group looks to set its own emissions reduction targets in the future.

Executive management level

The Sustainability Forum is a cross-Group committee made up of representatives from each territory, chaired by the CEO, Paul Bal. Over the past year the Sustainability Forum has met five times. It is a working group with the aim of formulating a commercially-led response to climate change and its associated risks and opportunities. The aim is to educate and create a holistic, business-wide, sustainable mindset, whilst sharing best practice across territories.

The forum is informed on climate-related risks and opportunities at a local level via ongoing dialogue with the business units, and provides updates to the Board both informally via the CEO and Operating Board and through a formal bi-annual update to the Board.

Management Level

Business units are responsible for the identification, assessment, and local mitigation of sustainability associated risks and opportunities. Business units are also responsible for day-to-day management of the business and decisions relating to our three sustainability pillars – People, Product, and Planet.

In FY2024, we rolled out an ESG reporting tool, to improve the efficiency of business units' reporting of Scope 1 and 2 emissions data. This tool will also help to facilitate Scope 3 reporting.

Risk Management

Climate-related risks are integrated into our existing overall Group risk management framework, and climate-related issues are a consideration within our strategy, planning and decision making.

Climate-related risk identification is performed through a bottom-up assessment conducted in each region. This is then presented to the Audit Committee to review alongside a top-down process including a high-level assessment of transition and market risks relevant to the Group and its sector. Last year our climate-related risk assessment, conducted with an external consultant, considered existing and emerging risks in the risk categories outlined in the TCFD recommendations, in relation to the Group.

This year the findings have been integrated and updated in line with the Group's regular risk management framework.

Sustainability continued

Our Climate-related Financial Disclosures

Risk Management continued

Physical climate-related risks are assessed using leading models and databases within the risk and insurance industry. The modelling is based on the Group's footprint, with 65 separate locations analysed in the year. As part of the physical climate risk assessment, where plausible, a financial impact quantification of the value at risk was conducted. This uses probabilistic physical climate risk models that quantify the financial impact associated with property damage and business interruption for acute hazards such as flood and windstorm.

For regional chronic hazards such as heat and drought stress, a more bespoke value at risk model was utilised to focus on the impact of operational disruption caused by these hazards. The value at risk assessment results are translated into the Group's enterprise risk scales of financial impact and likelihood (see page 57).

Transition climate-related risk assessments use the Group's enterprise risk management approach to ensure outputs align with our wider risk landscape. Transition risk exposures were originally evaluated through workshops in March 2023, with subject matter experts across the Group's business units.

The workshops aimed to assess the level of risk and opportunity exposure to a collection of 11 transition risk drivers. Financial impact and likelihood were assessed against the Group's enterprise risk scales, with participants using voting and discussion to determine the impact and likelihood of each risk. The climate risk registers now form part of the existing risk management framework processes.

Design Group defines time horizons of where our climate-related risks and opportunities first occur as follows, which aligns with climate science and helps inform our strategic planning:

Time horizons

Short term	<2025
Medium term	2025-2030
Long term	>2030

The short-term time horizon covers our immediate year, the medium-term horizon includes our explicit forecast period and some years beyond, and the long-term time horizon accommodates the life of our assets and a sufficient time period for climate-related risks to occur.

Our approach to climate scenario analysis

We have undertaken detailed climate risk scenario analysis based on the IPCC's Representative Concentration Pathways (RCP) mapped to the latest IPCC AR6 report's Shared Social Economic Pathways (SSPs).

- **Net Zero 2050 Scenario RCP 2.6/ IPCC SSP1:** which is associated with c1.5°C temperature rise from pre-industrial times by the end of the century
- **'Middle of the Road' RCP 4.5/ IPCC SSP2** which is associated with 2-3°C temperature rise from pre-industrial times by the end of the century
- **'Hothouse world' RCP 8.5/IPCC SSP5** which is associated with >4°C temperature rise from pre-industrial times by the end of the century

The limitations and assumptions of scenario analysis are:

1. Scenarios may only provide high-level global and regional forecasts
2. Not all risks are easily subject to scenario analysis
3. Scenario analysis requires analysis of specific factors and modelling them with fixed assumptions
4. Impacts are to be considered in the context of the current financial performance and prices
5. Gross impacts are assumed to occur without the company responding with any mitigating actions, which may reduce the impact of risks
6. Impacts are modelled to occur in a linear fashion, when in practice dramatic climate-related impacts may occur suddenly after tipping points are breached
7. The analysis considers each risk and scenario in isolation, when in practice climate-related risks may occur in parallel as part of a wider set of potential global impacts

Strategy

Impact of climate-related risks and opportunities on Design Group's businesses, strategy, and financial planning

The tables on pages 58 to 60 outline our transition risks in greater detail, including their impact and our current response.

Having assessed the climate-related hazards affecting the entire estate, the Group's overall exposure to physical climate-related risks in the short-term is deemed to be low or very low, albeit with somewhat increased risk exposure in the medium to long term. Climate-related opportunities are currently estimated to be modest but not negligible, with low or moderate predicted impact in the medium-term. The margin of error in long-term forecasting is high and thus there is a high level of uncertainty in our long-term impact calculations for both our risks and opportunities.

Resilience of Design Group's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Initial work has been undertaken to quantify the key risks and opportunities, such as analysis of the Group's exposure to carbon pricing in different jurisdictions, and quantification of value at risk from physical hazards, but much of our assessment is qualitative currently. We believe that significant financial planning or budgetary change as a result of climate change is not likely to be required given our assessment of the Group's climate-related risks and opportunities. Any mitigation will form part of our current strategy and "business as usual" spend and capital investment. We will continue to develop our analysis as new data becomes available, both internally and externally, and will continue to monitor our climate exposures and action plans through the Group's risk management framework.

Climate related physical risks

With numerous sites across the world, including offices and manufacturing sites, the Group has a large and diverse geographical footprint. We have carried out a detailed physical risk assessment, using geospatial risk modelling software to analyse the 65 locations' exposure to natural hazards, and how these risks may change under various scenarios for global temperature rise by 2030, 2050, and 2100.

The following graph shows the percentage of the Group's Total Insured Value (TIV), as an approximation of asset value, exposed to moderate or higher risk of climate hazards under different time horizons within the RCP 8.5 scenario. This represents our predicted exposure under the most extreme climate scenario.

Overall, the Group currently has low climate-related physical risk exposure. Our main physical risk exposures are to heat and precipitation.

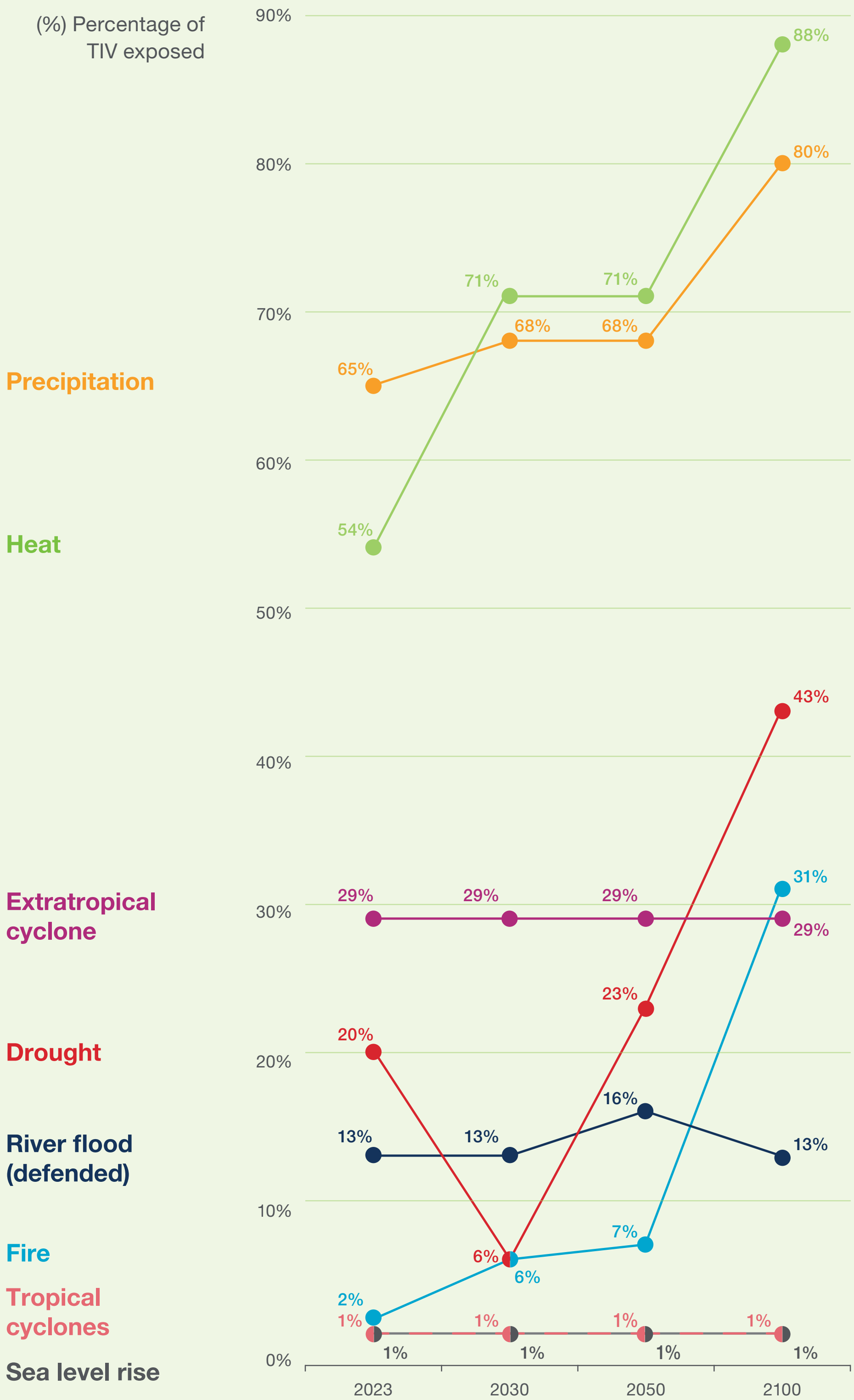
Sustainability continued

Our Climate-related Financial Disclosures

Strategy continued

Climate related physical risks continued

Changes in the Group's climate hazard exposure under RCP 8.5 over time



Heat
Currently 54% of TIV is exposed to at least 20 heatwave days per year, increasing to 71% by mid century and to 88% by end of century

Precipitation
65% of TIV is exposed to at least 2 days of precipitation exceeding 30mm rainfall per year, increasing slightly to 68% by mid century, and 80% by end of century

Drought
The proportion of portfolio exposed to material drought stress (at least 3 months of drought per year), increases from 20% to 43% by the end of century.

Fire
The proportion of modelled TIV exposed to at least 20 fire weather days per year increases from 2% today to 7% by mid century and will increase further to 31% by end of century.

Extratropical cyclone
Extratropical windstorm risk profile remains similar today and in future scenarios, with 29% of portfolio exposed.

River flood (defended)
River flood exposure increases from 13% to 16% and increases in frequency of event

Tropical cyclones
There is little (<1% TIV) material exposure to severe Tropical cyclones although the frequency of events may increase.

Sea level rise
Limited coastal flood and sea level rise exposure (1% by TIV) also in future decades.

Heat is our biggest climate exposure, assessed to be a medium level hazard for 54% of the Group's total insured value at present, rising to 88% by the end of the century under the most severe climate scenario. Four of our sites, in India, China, and the US, may be at very high risk of heat stress under this scenario by 2040-2050. However none of the top 15 sites are very high risk which equates to a projection of greater than 180 heatwave days per annum. Given our facilities are air conditioned the most likely financial consequence may be increased electricity spend.

At present, 29% of total insured value (TIV) is also exposed to moderate or higher risk of extratropical storms, including one of our top 15 assets. This risk is not expected to increase under any time horizon. Additionally, under the RCP 8.5 scenario by 2040-2050, three locations will become exposed to high drought stress, including one of our top 15 sites; however, our operations are not water intensive so while there may be indirect regional impacts the direct operational impact is limited.

Our analysis has raised awareness of these potential issues and we are working to investigate the implications of these identified hazards at site level and engage with site managers to explore our exposures and to ensure sufficient mitigations are in place.

Importantly, our business model and footprint provide flexibility, with the majority of our sales being bought in rather than manufactured in house. Furthermore, the increasing collaboration across our facility footprint allows us to share expertise, best practice, resource and abilities across the sites. All of these should mean that a period of downtime at one or more key facilities should not materially impair our contractual obligations to customers or business continuity. Additionally, we have business interruption and continuity insurance at all sites in the event of downtime at a particular site.

To ensure a more complete review of our climate risk exposures, especially given the large proportion of sales from third-party manufactured goods, we have also conducted the same climate-related physical risk assessment on our key suppliers. This analysis will be used within our engagement with our suppliers to help ensure business continuity.

Climate related transition risks

We have identified seven main climate-related transition risks which can be seen in the following table.

Beyond these, other risks were also considered in our risk register, however these fell below the threshold of risk materiality. These included risks to talent attraction and retention, failure to attract capital in the event of falling below expected sustainability standards, downgrade of the Group's credit rating if falling below climate change expectations, and the risk of climate-related litigation. The individual impact of these risks was considered to be minor by 2025 and 2030, and are sufficiently mitigated by a range of initiatives that are co-ordinated across the Group.

Our assessment indicated that our overall risk exposure to transition risks is low in the short term (2025) with the majority of risks being very unlikely.

In the medium term (2030), our transition risk exposure increases both in impact and in likelihood, to an overall moderate exposure. It should be noted that exposure may be amplified by a 'disorderly transition' to net zero. New moderate risks arise including costs to transition to lower emission technology and increased cost of materials. There could be an investment risk, albeit low in both time horizons, in which the attraction of new investment is stifled.

Design Group defines likelihood, frequency, and financial impact of risks as follows:

	Likelihood		Frequency	Impact	
5	Very likely	100%	More than once per year	Very high	>$10m
4	Likely	50%-100%	Once every 1 to 2 years	High	$5m-$10m
3	Possible	20%-50%	Once every 2 to 5 years	Medium	$2.5m-$5m
2	Unlikely	10%-20%	Once every 5 to 10 years	Low	$1m-$2.5m
1	Very unlikely	<10%	Less than once every 10 years	Very Low	<$1m

Sustainability continued

Our Climate-related Financial Disclosures

Strategy continued

Climate related transition risks continued

Transition Risks	Impact 2025	Impact 2030	Mitigation
1. Carbon pricing			
Sub-component: Policy and Legal **Description:** Under a 1.5°C scenario, external pricing of greenhouse gas emissions are expected to increase, impacting Group direct operating costs.	Impact 2 Likelihood 1	Impact 3 Likelihood 3	• Progressing energy efficiency initiatives to reduce energy consumption and emissions • Packaging optimisation to reduce vehicle journeys • Focus on understanding Scope 3 emissions • Biofuel for incoming sea freight to reduce emissions within trading European business
2. Enhanced Climate-related reporting obligations			
Sub-component: Policy and Legal **Description:** Additional emissions-related reporting requirements may come into effect for the Group in the short to medium term. E.g. Scope 3 emissions reporting, in line with the ISSB standards, updates to UK SECR and the impending CSRD. This could add a significant reporting burden and an increase to spending on emissions reporting	Impact 1 Likelihood 3	Impact 1 Likelihood 4	• Work underway to understand our emissions, but have found Scope 3 data more challenging to obtain. • Implementation of ESG data management and reporting software to facilitate data collection
3. Mandates and regulation of existing products and services			
Sub-component: Policy and Legal **Description:** New regulation relating to sustainability, recyclability, or circularity of materials could impact on the cost of the Group's products and services. There is the risk of regulatory fines and reputational damage if mandates are not adhered to.	Impact 1 Likelihood 2	Impact 2 Likelihood 4	• Key component of our sustainability framework • Focus on designing new sustainable products and targeting reduced single-use plastic • Suppliers need to prove recycled content • Monitoring of regulation within business units • 90% of packaging in UK is already recycled material, high proportion of products already sustainable in Europe too • External consultants engaged to review reporting requirements

Key: 5 Very likely/Very high 4 Likely/High 3 Possible/Medium 2 Unlikely/Low 1 Very unlikely/Very low

Transition Risks	Impact 2025	Impact 2030	Mitigation
4. Costs to transition to lower emission technology			
Sub-component: Technology **Description:** The requirement to invest in new technology to decrease the emissions released as part of the manufacturing process.	Impact 2 Likelihood 1	Impact 3 Likelihood 3	• Warehouse and operations teams working to transition to LED lighting and high speed doors to improve temperature regulation • Investment in new machinery approved after taking account of ESG considerations • Investment in new machinery to: improve efficiency, reduce waste, and reduce imports in favour of local supply. Capital investment also allocated for more efficient processes during the consolidation of manufacturing sites • Exploring renewable energy options
5. Shift in customer/consumer values			
Sub-component: Market **Description:** Consumers are becoming increasingly aware of climate change and its impacts.	Impact 2 Likelihood 2	Impact 3 Likelihood 3	• More sustainable packaging implemented and reducing packaging content where possible • Sourcing strategy, including monitoring of solutions or alternatives for reducing single-use plastic in packaging and single-use products • Designing and producing eco-ranges includes sustainable greetings collection • Working with Cambridge Institute of Sustainability Leadership to develop sustainability roadmap
6. Increased cost of raw materials			
Sub-component: Market **Description:** More companies will commit to using more sustainable materials with a lower carbon footprint, including reducing plastic use. This increase in demand is expected to exceed supply forcing up the price of alternative materials. Fuel and electricity costs are also projected to rise	Impact 1 Likelihood 2	Impact 3 Likelihood 3	• Very diverse supply base • Some degree of costs could be passed on to end consumer • Product innovation where possible will be used to select less carbon-intensive components
7. Emissions offset			
Sub-component: Market **Description:** Though supply of carbon credits currently exceeds demand, as more companies commit to net zero, the demand for carbon credits is likely to increase resulting in higher prices.	Impact 1 Likelihood 1	Impact 2 Likelihood 3	• The Group only uses a relatively small amount of carbon offsets and they do not play a major role in our current carbon reduction strategy • Offsets used in the UK are from reputable, locally-based sources to control the risk of reputational damage as scrutiny around offsets increases

Sustainability continued

Our Climate-related Financial Disclosures

Strategy continued

Climate-related Opportunities

Two key climate-related opportunities have been identified. In the medium term, the Group could stand to benefit from reduced operating costs if the transition to lower emission technologies is made. In addition to opportunities arising from shifts in customer values, capitalised through a diverse eco-product portfolio and a well-resourced sustainability team in comparison to competitors.

Transition opportunities	Impact 2025	Impact 2030	Mitigation
1. Cost savings from transition to lower emission technology			
Sub-component: Technology **Description:** Energy savings from investments in more efficient technology. The largest opportunity exists in DG Americas, where c$6m is spent annually on energy. Conversion to solar by 2030 would reduce this operational cost.	Impact 1 Likelihood 1	Impact 1 Likelihood 2	• Warehouse and operations teams implementing LED lighting transitions and high speed doors for temperature regulation • Investment in new machinery to improve efficiency and capacity • Investigation of solar and wind technologies in exploratory stages, particularly in the UK • Energy efficiency being reviewed and capital investment allocated to more efficient processes in DG Americas
2. Shift in customer/consumer values			
Sub-component: Market **Description:** Taking advantage of emerging customer requirements/trends. Our global manufacturing footprint gives an advantage if importation of goods becomes unpopular. The group is a market leader on sustainable alternatives.	Impact 1 Likelihood 1	Impact 2 Likelihood 3	• Implementing more sustainable packaging and reducing plastic content • Producing eco-ranges of our products • Working with Cambridge Institute for Sustainability Leadership on sustainability roadmap

Key: 5 Very likely/Very high 4 Likely/High 3 Possible/Medium 2 Unlikely/Low 1 Very unlikely/Very low

Metrics and Targets

Design Group uses a variety of metrics to assess climate-related risks and opportunities. Climate-related risks and opportunities are assessed through the KPIs we established as part of the Group's 'helping design a better future' framework and were reviewed by the Board last year. This year we are reporting Scope 1 and 2 emissions, calculated in line with the Greenhouse Gas Protocol. In addition, we report on the following metrics which are covered in more detail on pages 44-50:

	Link to identified climate risk/ opportunity	FY2024	FY2023	FY2022
Fully recyclable product ranges	O2, R3, R5	**48%**	46%	47%
Single-use products as % of Group sales	O2, R3, R5	**49%**	53%	49%
Fully recyclable packaging	R3, R5	**66%**	66%	66%
Waste sent to landfill	R1	**33%**	28%	29%

Targets to manage climate-related risks and opportunities and performance against targets

Over the past year we have continued to refine the Group's approach to sustainability and the associated key performance sustainability indicators. Having published our Scope 1 and 2 emissions this year, our focus over the coming years is to set Group-wide targets by which we can measure our sustainability progress.

Under the guidance of both the Companies Act and TCFD, the Group discloses its FY2024 greenhouse gas emissions data, categorised into Scope 1 and Scope 2 emissions, below. Scope 1 emissions encompass direct emissions from sources owned or controlled by the Group such as the combustion of fossil fuels. Scope 2 emissions represent indirect emissions associated with the consumption of purchased electricity. This is the first year of reporting Scope 1 and 2 emissions of the total Group, with only the UK reporting in line with SECR in previous years. While efforts have been made to ensure the reliability of the information provided, there may be inherent uncertainties, including accuracy and completeness, of the reported data. We are committed to continuously improving our environmental reporting practices and may seek external assurance in future reporting periods to enhance the credibility and reliability of its disclosures. To this end, we are investing in a Group-wide ESG data management and reporting platform.

Group emissions	FY2024 tCO_2e
Scope 1	17,236
Scope 2	13,642
Total	**30,878**

UK environmental reporting

The UK businesses' total energy use and associated greenhouse gas emissions have been reviewed in accordance with the government's guidance on Streamlined Energy and Carbon Reporting. In the UK there are a range of measures in place to increase energy efficiency such as: only investing in machinery that is more efficient and less polluting than existing machinery and UK sites being powered by renewable electricity. The CO_2e (carbon dioxide equivalent) emissions were calculated using available energy and mileage data collected for our Climate Change Agreement (CCA) and Energy Savings Opportunities Scheme (ESOS) for reporting purposes and converted using current factors published by the Department for Business, Energy and Industrial Strategy. The emissions cover Scope 1 and 2, as well as Scope 3 emissions from business travel. The results, focusing on the combustion of gas, the consumption of fuel for transport, and electricity use, for the year ended 31 March 2024 were:

UK emissions	FY2024 tCO_2e	FY2023 tCO_2e
Scope 1	1,471	1,576
Scope 2	1,299	1,742
Scope 3	28	25
Total	**2,798**	3,343

UK energy consumption	FY2024		FY2023	
	Consumption	tonnes CO_2e	Consumption	tonnes CO_2e
Electricity	5,836,293 kWh	1,207	7,654,472 kWh	1,480
Gas	8,040,507 kWh	1,471	8,633,870 kWh	1,576
Diesel Oil	—	—	48,321 litres	124
LPG	1,681 kg	69	2,491 kg	103
Company vehicles	218,755 miles	51	260,387 miles	60
Total		**2,798**		3,343

Energy emissions ratio:	FY2024	FY2023
Total tonnes CO_2e / (1) million (£) annual turnover	24.95	27.82

Stakeholders

We value strong and open relationships where mutual trust and respect are key

Effective engagement with key stakeholders is vital to Design Group achieving its strategy.

There is always room for improvement, but through ongoing, constructive dialogue with our stakeholders we are committed to ensuring that we all experience the benefits of Design Group's success.

Across Design Group there are many examples of stakeholder engagement:

- Employees – see pages 26 and 38 to 43
- Shareholders – see page 77
- Customers – see pages 16 to 19
- Communities – see page 43
- Suppliers – see pages 46 to 47 and 67

Employees

How we engage

Structured on-boarding and induction programmes

Ongoing training and development, including wellbeing and personal development initiatives

Regular employee briefings including 'town hall' briefings through to team briefings and one-to-ones

Annual Employee Engagement Survey

Outcomes of engagement/ key decisions this year

Building on the success of last year's Group Employee Engagement Survey, a People Plan was actioned by the Chair working closely with the HR Directors from across the Group. More information on this can be found on page 87. At the same time, we relaunched the Group's whistleblowing hotline with a common logo, new posters and reminders that employees should feel safe to speak up anytime they see a concern. We will continue to ensure its prominence throughout the Group both from an employee wellbeing perspective, but also to ensure that the Board and Senior Management Teams have early visibility of any issues which arise allowing them to be quickly addressed, any negative impacts dealt with and lessons learned.

Customers and Suppliers

How we engage

Each business is structured to ensure strong, dedicated engagement with customers and suppliers via key account managers and strong supporting teams.

Regular meetings are held with customers and suppliers both in-person and online. The CEO visited a number of suppliers in China in the year.

Outcomes of engagement/ key decisions this year

This year, due to an issue discovered in our UK supply chain in Asia, we have improved our engagement with our customers with a key focus on transparency and collaboration. Our UK-based MD of Asia had regular meetings with the UK Retailer Ethics Forum and was able to plan and instigate improvements internally with their insight and support. In turn, this raised areas of consideration across the Group and existing plans to review and streamline the supply chain processes were given increased momentum.

Section 172 statement

We are committed to promoting the success of the company for the benefit of its shareholders, whilst taking into account the long-term interests of its employees, customers, suppliers, the environment, and the wider community in which we operate. In discharging our duties, we will act with integrity, honesty, and transparency, and seek to maintain a culture of ethical behaviour throughout the organisation.

We recognise the importance of engaging with our stakeholders, listening to their views, and taking them into account in our decision-making processes. Our Board, Operating Board and senior management teams will continue to work collaboratively to ensure that we meet our obligations under section 172 of the Companies Act 2006.

During FY2024, we continued to identify five key stakeholders as critical for the success of our future business. Below we highlight who they are, how we engage with them and outcomes of key engagement/decisions taken over the last year.

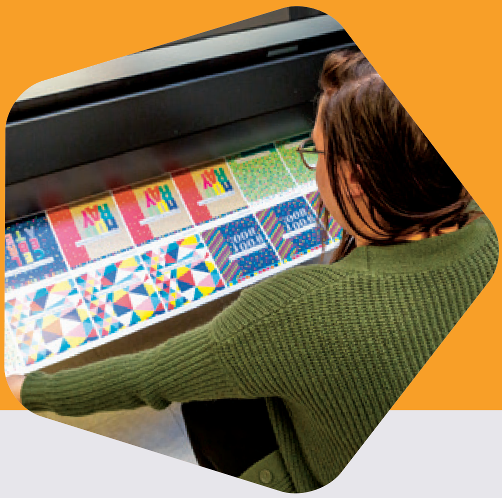
Communities

How we engage

With a Group of businesses spread across the globe and across regions within specific countries, it is important that community initiatives are led by each business and focused on the specific nature and needs of the communities in which they are based.

Outcomes of engagement/ key decisions this year

Our employees were supported to engage with local community projects and initiatives that had a positive impact on the areas we work in. Examples of some of these initiatives can be found on page 43.



Shareholders

How we engage

Individual meetings are held with large institutional shareholders throughout the year and particularly following interim and full-year results.

Investor information, regular trading updates and reports are posted on our website.

Shareholders are invited to attend the Annual General Meeting and submit questions.

The Board has oversight and approval of all public communications to the Stock Market to ensure they are clear and set out the appropriate information.

Outcomes of engagement/ key decisions this year

FY2024 has seen our CEO further engage with key shareholders and, with the new CFO joining in July 2023, they have ensured continued visibility and availability to shareholders, providing regular updates on matters which we believe to be of key concern or interest.

In October 2023, an investor visit was arranged at our DG UK Wales site, at which investor's representatives were able to see the operations and speak to Senior Management, raising any questions they had. This was a success, and it is envisaged that more visits will be arranged in the future.

A key Board decision this year, was to request that the Employee Benefit Trust purchased up to two million ordinary shares in the Company in preparation for satisfying future LTIP vestings. This was done in order to minimise the dilution effects of such awards for existing shareholders. The EBT agreed with this request and between December 2023 and February 2024 purchased 1,996,368 million shares at an average price of 140.0p per share.

Risk management

Building resilience for future success

Our risk management framework

Governance

Design Group operates a well-established structure for the management of risk, where responsibilities and ownership are clearly defined:

The Board
- Ownership and monitoring of risk management
- Evaluates the most significant strategic risks and sets risk objectives
- Determines overall risk appetite for the Group

Audit Committee
- Responsible for advising the Board on risk exposures
- Risk review both top down and bottom up
- Review of internal controls that help manage risks

Operating Board
- Overview of management of key risks at business unit level, especially common risks
- Assessment of materiality of key risks

Group oversight
- Monitoring and collation of risks and actions by business unit management from across the Group
- Review and oversight of the Group's risk management process

Business units
- Identification, assessment and mitigation associated with key risks
- Day-to-day management of risks within the business units with focus on considering risk as part of decision-making and management of external relationships

Risk strategy and appetite

As part of the risk management process each principal risk is considered in the context of achieving the Group's strategy.

Risk appetite is an expression of the types and amount of risk that the Group is willing to take or accept to achieve its objectives. Our risk appetite has been set for each risk category at a Board level and ranges from minimal to open.

Our risk appetite is set to balance opportunities for growth and increased returns, whilst maintaining our reputation and robust risk mitigation strategies. Determining our risk appetite allows us to make consistent and informed decisions across the Group in relation to key risks and helps ensure that they are managed within our tolerated levels of risk.

Risk management approach

Design Group operates a decentralised model where risk management is embedded within both strategic and operational decision-making. Design Group's approach to risk management is bottom up, with each of our business units maintaining standardised risk registers for their territories, identifying key risks, monitoring them and determining mitigation plans for their businesses, whilst measuring against the Group's risk tolerance level alongside their own tolerances. An overarching role is played by the Group team and the Board, and this top-down approach ensures significant strategic, operational, ESG and financial risks are identified with consistency across the Group, providing oversight in the risk management process.

Across the Group we have a common risk management framework, with risks scored using a risk impact matrix which considers both financial and non-financial assessments to determine an overall score for each risk. Each principal risk is also evaluated against the Group's risk appetite and considered in the context of the Group's strategic objectives. All of this focuses the Group on where the higher risks sit and prioritises additional mitigation strategies that may be required.

This year, together with BDO, we completed an executive risk workshop where Group management reviewed each of the principal risks and their associated appetites, as delegated by the Board. The result of the workshop was that the following risks are no longer recognised as principal risks for the Group: 'Financing capacity' due to the strong cash flows and profit and margin recovery, coupled with the secured financing arrangement; 'Manufacturing operations' as the essence of this risk is now covered in the strategy and supply chain and sourcing risks; 'Acquisition investment' given the reduced M&A agenda.

The Group's risk management framework operates within a 'three lines of defence' assurances model. The first line of defence lies with the operational owners who are the teams within the business managing and mitigating risks as part of their operational model. The second line of defence is internal via corporate oversight, whereby individuals who are independent to the day to day operations perform a second layer review or verification of the mitigations and controls in place. The third line of defence is outsourced, providing the Audit Committee with independent assurance over the management of risks around the Group.

Emerging risks

As part of the risk management process, we discuss and review emerging risk areas to determine whether they should be considered as principal risks and be actively monitored as a principal risk within the risk management process going forward.

Principal risks

Macroeconomic uncertainty

Risk level: High

Global economic developments including political and social change have the ability to impact the resilience of our supply chain and influence consumer demands. Macroeconomic uncertainty results in a significant impact on our business trading and operations affecting our main cost areas of raw materials, freight and people.

Risk movement:

Unchanged ↔

This risk remains significant. The Group continues to recover from the high succession of geopolitical events which have impacted our business. We also faced renewed disruption to international freight routes this year such as the events unfolding in December 2023 along the Red Sea and Panama Canal. The impact of these span our suppliers, customers, consumers and workforce. With the outlook set to remain broadly the same for the immediate future, we need to be able to respond appropriately to external market conditions while maintaining clear focus on delivering on our strategy.

Mitigation

- Diversification strategy within our supply chain
- Diversification strategy in terms of regions, products and channels
- Regular monitoring of the economic conditions in which we operate, and impact analysis and response plans for significant changes to trade agreements utilising external specialists where necessary
- Close monitoring of key cost drivers (e.g. sea freight, paper and energy)
- Innovation and product design to mitigate any increased costs of raw materials
- Maintaining open dialogue and strong relationships with our customers to allow for contract renegotiations where necessary

Link to strategy: Strategic, Adaptive, Dependable, Strong, Informed

Link to business model: Distribution & fulfilment, Responsible sourcing & manufacturing, Innovative product design & development, Market insight

Strategy

Risk level: High

A lack of speed and poor execution of our corporate strategy could affect attainment of the Group's growth ambitions, leading to shareholder dissatisfaction.

Risk movement:

Unchanged ↔

Our new strategy requires embedding within the entire organisation. In focusing on driving profitable sales growth, it differs from our recent focus on delivering a turnaround, margin recovery and reducing complexity and working capital. It also differs from the previous M&A driven strategy. There will be a period when our turnaround initiatives overlap with our emerging growth plans. Navigating this pivot requires greater alignment across the Group, better planning and more competitive agility without losing recently improved disciplines.

Mitigation

- Refreshed Operating Board which reviews the progress of both strategic and operational initiatives, as well as monitoring the environment we operate in
- Working through functional Forums where Group-wide expertise is leveraged and progress accelerated on strategic initiatives
- Building of the new capabilities and processes required to support sustained profitable sales growth
- Development and roll-out of enablers to foster greater alignment and promote sustained progress of culture and values
- Review and monitor long-term key performance indicators.

Link to strategy: Strategic, Collaborative

Link to business model: Distribution & fulfilment, Responsible sourcing & manufacturing, Innovative product design & development, Market insight

Link to strategy key:	Strategic	Adaptive	Dependable	Strong	Collaborative	Informed
Link to business model key:	Distribution & fulfilment	Responsible sourcing & manufacturing	Innovative product design & development	Market insight		
Risk level key:	Low risk	Medium risk	High risk			

Risk management continued

Principal risks continued

Consumers

Risk level:

Inability to identify and adapt to changing consumer behaviours and demand, resulting in reduction of revenue and margins.

Risk movement:

Unchanged ↔

Despite there being no movement in this risk it remains significant as the cost of living crisis continues to evolve, exacerbating changes in consumer behaviour, resulting in reduced consumer discretionary spend. This in turn could impact the behaviour and performance of some of our customers.

Mitigation

- Continued focus on design, innovation, product quality and exceptional service including ongoing new product development to grow and improve sustainable product ranges
- Maintain a blended and diversified portfolio of products and customers, both by market segment and geography
- Close working relationships with key customers to be 'ahead of the curve' on trends they are implementing, as well as leveraging Group understanding of trends to share knowledge and ideas
- Closer review of customer credit positions based on risk assessments
- Annual budget and business review process including market developments.

Link to strategy:

Link to business model:

Information security

Risk level:

Risk of a cyber attack resulting in significant business downtime, data loss or reputational damage.

Risk movement:

Unchanged ↔

Mitigation

- Policies, procedures and regular training for employees
- IT directors in each territory to ensure global best practice sharing
- New Group Head of IT appointed
- Enhanced physical and logical security controls, in addition to appropriate network design and segregation
- Security Operations Centre (SOC) service and Security Information and Event Management (SIEM) software
- Current IT environment is inherently less exposed due to the silo set-up of many of the existing IT systems.

Link to strategy:

Link to business model:

Supply chain and sourcing

Risk level: Medium

An inability to access the right terms, quality and compliance from our suppliers at the right time alongside a lack of a resilient supply chain could lead to a loss of revenue and margin.

Risk movement:

Unchanged

A large proportion of our supplier base currently sits in China which is susceptible to increased exposure, for example geo-political uncertainty. Alternative regions are being investigated however it appears that China are already investing in the alternative regions (Cambodia, Vietnam, Taiwan) and may still control much of the raw material supply into these regions.

Mitigation

- Working closely with suppliers to maintain good relationships and limit cost impact
- Expansion and review of supplier base
- Regular supplier evaluation, audits and vendor due diligence, including commercial and legal risk review for new contracts
- Leveraging our sourcing offices in Asia to manage and maintain supply relationships
- Exploring alternative sourcing solutions from different regions.

Link to strategy: Dependable

Link to business model: Distribution & fulfilment; Responsible sourcing & manufacturing

People

Risk level: Medium

Inappropriate organisational design and talent strategy that cannot keep pace with the demands of the business leading to a failure to deliver business objectives.

Risk movement:

Unchanged

To transition from “working with the winners” to “winning with the winners” there is a need to invest in people, skills and capability to foster increased collaboration with our customers to influence and strategically partner with them.

Mitigation

- A focus on succession planning and building strong teams around key individuals in each business unit
- Investment in upskilling, recruitment and capability to address any skill gaps and key person dependencies
- Appropriate policies around hiring key team members focusing on qualifications and appropriate experience for the relevant role
- Promoting the Group’s culture, purpose, vision, missions and values internally
- A focus on management development to improve competencies across the business
- Implementation of staff surveys, feedback and review meetings
- Implementation of cross-learning programmes to ensure all the senior management team understand other roles
- Appropriate review of executive and senior management remuneration packages.

Link to strategy: Strategic; Strong; Collaborative; Informed

Link to business model: Distribution & fulfilment; Responsible sourcing & manufacturing; Innovative product design & development; Market insight

Link to strategy key:	Strategic	Adaptive	Dependable	Strong	Collaborative	Informed
Link to business model key:	Distribution & fulfilment	Responsible sourcing & manufacturing	Innovative product design & development	Market insight		
Risk level key:	Low risk	Medium risk	High risk			

Risk management continued

Principal risks continued

Climate change

Risk level:

An inability to effectively transition to a low-carbon economy by failing to adapt to changing consumer behaviours as a result of sustainability market trends and climate-related legislation. In addition, an inability to anticipate the physical effects of climate change which could lead to a disruption to business, reduced revenues and increased operating costs.

Risk movement:
Unchanged ↔

Regarding product offering, we are at the forefront of developing sustainable products, however the Group can be constrained by our customers needs, driven by the consumers in our largest markets who may have different priorities regarding sustainable products.

However we remain agile in meeting stakeholder needs. In relation to corporate reporting requirements, there is uncertainty around global climate related disclosure frameworks which recent political events have caused delays around carbon neutrality and mandatory reporting initiatives.

Mitigation

- Development of sustainable product ranges and packaging
- Investment to reduce the carbon footprint of operations and supply chain
- Strategic plans to address climate change risk
- Engagement with key stakeholders; customers, shareholders, employees and bank
- Climate risk registers maintained around the Group to monitor exposure and guide strategic priorities.

Link to strategy:

Link to business model:

Financial control and insight

Risk level:

A failure in adherence with the Group's financial control framework, a lack of accurate financial forecasting information, and limited insight into performance may result in poor decision making and financial under/over performance.

Risk movement:
Unchanged ↔

The macroeconomic risks facing our customers and consumers are introducing volatility in customer forecasts and their timing. This in turn impacts on our forecasting.

Mitigation

- Group policy to hire qualified individuals into key financial roles
- Group financial policies in place in addition to minimum controls framework and bi-annual self certification of adherence to Group controls
- Business assurance third party review of key financial controls
- Regular communications with finance teams around the Group
- Regular forecasts and projections for the business.

Link to strategy:

Link to business model:

Legal and Regulatory Compliance

Risk level: Medium

Increased legal and regulatory exposure across the numerous territories in which we operate with a heightened risk as a result of the decentralised nature of the business.

Risk movement:

Unchanged ↔

The complexity of our Far-Eastern supplier base and operations opens the business up to higher compliance risks that need robust management.

Mitigation

- Policies and procedures for main risk areas, including a Code of Conduct signed by all employees and a whistleblowing hotline
- Group General Counsel and the DG Americas legal team oversee managing the Group's compliance globally, working with external legal advisers in regions as required
- Mechanisms such as the Operating Board and Forums further monitor compliance across territories
- Utilisation of specialist advisers where appropriate and necessary, as well as an outsourced internal audit business assurance function
- Open dialogue with relevant parties (e.g. customers and relevant authorities)

Link to strategy: Dependable, Informed

Link to business model: Distribution & fulfilment, Responsible sourcing & manufacturing

Service and quality

Risk level: Low

Loss of revenue and margin from key customers due to poor quality or performance having a bigger impact due to customer concentration.

Risk movement:

Unchanged ↔

Mitigation

- Maintain strong relationships with customers alongside review and adherence to Service Level Agreements
- Ongoing rigour and tight controls in relation to product testing and compliance
- Maintain a diversified portfolio of products and customers with strong focus on product and packaging innovation.

Link to strategy: Strategic, Dependable

Link to business model: Distribution & fulfilment, Responsible sourcing & manufacturing, Innovative product design & development, Market insight

Link to strategy key:	Strategic	Adaptive	Dependable	Strong	Collaborative	Informed
Link to business model key:	Distribution & fulfilment	Responsible sourcing & manufacturing	Innovative product design & development	Market insight		
Risk level key:	Low risk	Medium risk	High risk			

Board of Directors

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group.

Stewart Gilliland

N A R

Non-Executive Chair

Date of appointment: Stewart joined the Board as a Non-Executive Director on 5 July 2021 and became Non-Executive Chair on 20 September 2021.

Experience: Stewart has a wealth of experience in senior and board roles at fast moving consumer goods businesses, both listed and private. Both as an executive and non-executive, he established a strong track record in supporting businesses to achieve their growth ambitions and encouraging engagement with stakeholders.

External appointments: Stewart is currently a Non-Executive Director at Chapel Down Group plc, Tesco plc and Natures Way Foods Limited.

Skills: Stewart has over 40 years' experience and knowledge in customer engagement, marketing, logistics and general management.

Paul Bal

Chief Executive Officer

Date of appointment: Paul joined the Board on 1 May 2022 as Chief Financial Officer and was subsequently appointed Chief Executive Officer on 1 April 2023.

Experience: Paul joined the Board from Stock Spirits plc, where he was CFO since 2017. Paul was instrumental in the turnaround of the then LSE-listed group, leveraging his experience in the management of a decentralised, complex portfolio of over 70 brands selling across 50 markets.

Skills: Qualifying as a Chartered Accountant in England and Wales in 1993 and a Fellow since 2005, Paul has had an international career. He held global and regional management roles within British American Tobacco plc, Rothmans International Limited and the Tupperware Brands Corporation, Inc. before joining Stock Spirits plc.

Rohan Cummings
Chief Financial Officer

Date of appointment: Rohan joined as Chief Financial Officer on 3 July 2023.

Experience: Rohan joined from Devro plc (which was until April 2023 listed on the LSE) where he had been the group's CFO since 2020. During his tenure, Rohan was instrumental in the delivery of revenue growth and increased profitability. Prior to joining Devro, Rohan was Chief Financial Officer of Asahi International, part of Asahi Group Holdings, the Japanese listed beverage and food group. Between 2002 and 2016 Rohan held a range of international finance roles with SABMiller culminating as CFO of Birra Peroni in 2014. He played an important role in the carve out of the businesses acquired by Asahi Group in 2016 as part of the ABInbev acquisition of SABMiller.

Skills: Rohan is a Chartered Accountant, has an MBA and brings to the Board a broad finance and international background. Rohan is a commercially focused finance leader with a track record of making significant contributions to successful growth initiatives.

Mark Tentori LVO
A R N
Senior Independent Director

Date of appointment: Mark joined the Board as a Non-Executive Director on 1 January 2016. He was appointed Senior Independent Director on 4 January 2021.

Experience: Mark has held a number of senior positions, mainly as CFO or COO, in public and private companies operating in a wide range of sectors and geographies.

External appointments: Mark sits on a number of committees for the Duchy of Lancaster.

Skills: Extensive experience in business strategy and finance, M&A and operational excellence. Mark is also a Chartered Accountant.

Anders Hedlund
Founder and Non-Executive Director

Date of appointment: Anders was appointed as Nominee Non-Executive Director in 2007.

Experience: Anders founded the Group in 1979 and was joint Chief Executive Officer of the Group until December 2007.

Skills: Significant industry knowledge.

Clare Askem
R N
Non-Executive Director

Date of appointment: Clare joined the Board as a Non-Executive Director on 5 July 2021.

Experience: Clare was Managing Director of Habitat at Sainsbury's plc. Prior to her role at Habitat, Clare was Director of Strategic Development at Home Retail Group plc and previously held a number of executive positions at Dixons plc.

External appointments: Clare is a Non-Executive Director on the Board of Portmeirion Group plc and The Law Debenture Corporation plc.

Skills: Strategy and leadership, digital transformation and change management.

Claire Binyon
A R
Non-Executive Director

Date of appointment: Claire joined the Board as a Non-Executive Director on 1 June 2022.

Experience: Claire has held senior corporate development and strategic planning roles with multinational, manufacturing and consumer goods businesses, including GE Capital, InBev SA, Cadbury plc, DS Smith plc and Fenner plc (a Michelin company).

External appointments: Claire is a Non-Executive Director for Murray International Trust PLC, JP Morgan American Investment Trust plc and NHBS Ltd.

Skills: Corporate development, strategic planning, corporate finance and transactions. Claire is also a Chartered Accountant.

Joy Laws
Group General Counsel & Company Secretary

Date of appointment: Joy joined Design Group as Group General Counsel & Company Secretary on 4 June 2018.

Experience: A qualified solicitor with over 18 years' experience advising at a senior level including PLC boards, UK and international leadership teams.

Joy was Interim General Counsel at Joules PLC and prior to that was Head of Legal at Avon Cosmetics Limited, and Senior Legal Counsel at SELEX Galileo (now Leonardo) providing key legal advice and support both to the UK business and as part of the international legal functions.

Skills: Corporate and commercial law, governance and compliance, and company secretarial matters.

A Audit Committee R Remuneration Committee N Nomination Committee ● Chair

Corporate governance review

Stewart Gilliland
Non-Executive Chair

"This year we have focused on defining and improving the Group culture"

Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance Review for the year ended 31 March 2024. This provides an overview of the Board's activities during the year, along with our governance arrangements.

Key Board Activities

Changes to the Board

Other than Rohan Cummings joining the Board as Group CFO on 3 July 2023, there were no further changes to the Board membership. It has been good to have a stable year and to continue to develop key relationships both within the Board and across the wider business.

Board Visits

This year the Board continued its, now annual, visits to the core businesses. The full Board visited DG UK in Wales and Newport Pagnell, the northern locations of our DG Americas business and DG Europe. During these visits we ensured a good balance between building relationships with the senior management teams, hearing about their strategies and challenges, whilst also engaging with employees in the factories, distribution centres and those based in the offices. This year we have focused on defining and improving the Group culture and the fruit of this was evident on these trips. Importantly this is building upon the strong foundations of commitment and capability which we had already seen from the teams across the Group.

Paul Bal visited DG Australia in January 2024 which enabled him to observe how the team there were developing ideas and seeking to adapt to market changes quickly and he was able to strengthen key relationships between the Australian leadership team and the UK-based Group team. In addition, Paul Bal and Rohan Cummings visited the operations in China and Hong Kong, which provided them with valuable insight into the operations there.

Operating Board and Forums

Under Paul Bal's leadership, the Operating Board has developed further this year both in terms of its structure and governance, but also in terms of leading greater collaboration across the Group businesses. In addition to Paul Bal and Rohan Cummings, monthly Operating Board meetings are attended by the CEOs and MDs of the businesses, the Group IT director and the Group General Counsel and Company Secretary.

In February 2024, the Operating Board met in person with the main Board to present key Business Unit strategies to the directors, to strengthen relationships between the two boards and for both groups of people to gain greater visibility and understanding from the other. The intention is for this to become an annual gathering, and everyone recognised the benefits to the Group in meeting in person in this way.

One of the topics of focus at the February in-person Operating Board was reviewing and re-defining the Group's purpose, vision, mission statement and values. More on this can be seen on page 15.

During the year seven Forums were established to focus on key areas across the business (commercial, manufacturing, people, finance, finished goods sourcing, technology and sustainability). Currently these are chaired by Paul Bal, with key individuals across the Group attending regularly. Members of the Operating Board have a standing invitation to join any of the Forums as they wish. The Forums have proven to be a great source of information gathering and sharing, establishing greater collaboration and are a strong platform from which to leverage the Group's strengths, as well as to launch Group-wide initiatives moving forward.

Risk Appetite

Following the Board changes in recent years, it was felt an appropriate time for the Board to review its risk appetite. In November 2023, this was facilitated by BDO LLP in three parts:

- Executive Team Survey: a survey was conducted which asked the Executive Directors, the Group Financial Controller, the Group Commercial Controller and the Group General Counsel and Company Secretary to provide their views on risk appetite for each of the principal risks as outlined in the 2023 Annual Report and if there were any changes required to those principal risks.
- Executive Team Workshop: the same team attended an Executive Risk Workshop, where management agreed on the changes to be recommended to the Board regarding the principal risk profile and discussed and agreed risk appetite levels for each principal risk.
- Board review and approval: the Board then reviewed the output from the workshop and agreed on the updates to the principal risks, risk appetite levels and associated rationale.

Group Policy Framework

Although the Group operates a decentralised model, it has long been recognised that there are certain Group policies and standards which it is important for all our businesses to adopt and adhere to. This year, the Group General Counsel and Company Secretary formalised the existing structure to create a Group Policy Framework document setting out the Board's requirements in terms of the issuing, tracking, monitoring compliance to and training on, the main Group policies. This was issued to the members of the Operating Board and from mid FY2025 they will be expected to report their business' adherence to the requirements as part of the half year and full year reporting processes.

Equality, Diversity and Inclusion training

In January 2024, representatives from the employment team of Mayer Brown LLP attended the Board meeting to provide training to the Board on Equality, Diversity and Inclusion in the workplace. This provided the Board with valuable insight and understanding into those areas.

AGM

I was very pleased to see the support of our shareholders this year, as demonstrated in the voting at the AGM. Votes in favour of the Resolutions averaged 99.98% which was a continuation of the strong results achieved in the prior year. I am thankful for the continued strong shareholder support as we continue on our journey of promoting the success of the company for all our stakeholders.

The remainder of this review sets out our Governance framework and adherence to the QCA Corporate Governance Code. The latter was updated in 2023 in respect of accounting periods commencing on or after 1 April 2024. However, where possible we have decided to report against it this year and highlight any areas of planned development over FY2025.

Stewart Gilliland

Non-Executive Chair

24 June 2024

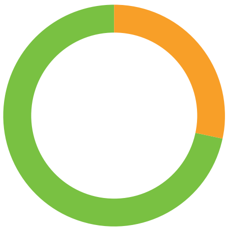
Corporate governance review continued

Current Board demographics

Role

- Chair: 1
- Executive Directors: 2
- Non-Executive Directors: 4

Gender

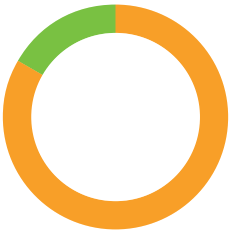


- Female: 2
- Male: 5

Board age

- 45-54 years: 2
- 55-64 years: 3
- 65+: 2

Diversity



- White: 6
- Asian: 1

Length of tenure

- 0-2 years: 1
- 2-5 years: 4
- 5-10 years: 1
- 10+ years: 1

Memberships and attendance

Member	Member since	No. of meetings attended	Maximum possible meetings
Stewart Gilliland[a]	5 July 2021	●●●●●●●●	●●●●●●●●●
Anders Hedlund[b]	23 October 1995	●●●●●●●●	●●●●●●●●●
Mark Tentori	1 January 2016	●●●●●●●●●	●●●●●●●●●
Clare Askem	5 July 2021	●●●●●●●●●	●●●●●●●●●
Claire Binyon	1 June 2022	●●●●●●●●●	●●●●●●●●●
Paul Bal	1 May 2022	●●●●●●●●●	●●●●●●●●●
Rohan Cummings	3 July 2023	●●●●●●●	●●●●●●●

(a) Stewart Gilliland was unable to attend the October Board meeting due to a sudden family emergency.
(b) Anders Hedlund was unable to attend the September meeting due to his attendance at a key customer meeting in the US.

Our governance framework

In order to ensure that the Board makes the right decisions for the Company and its stakeholders, it is vital that we have good corporate governance in place. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code 2023 ('QCA Code') and strives to follow its guidance and principles, many of which flow throughout our business via our strategy, our business model and our stakeholder engagement. The table below signposts you to the various sections of this annual report containing the detail.

	The QCA ten principles of corporate governance:	Read more
1.	Establish a purpose, strategy and business model which promotes long-term value for shareholders.	See pages 8 to 14
2.	Promote a corporate culture that is based on ethical values and behaviours.	See page 8
3.	Seek to understand and meet shareholder needs and expectations.	See pages 62 to 63 and 77
4.	Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success.	See pages 36 to 61
5.	Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.	See pages 64 to 69
6.	Establish and maintain the Board as a well-functioning, balanced team led by the Chair.	See pages 70 to 78
7.	Maintain appropriate governance structures and ensure that, individually and collectively, Directors have the necessary up-to-date experience, skills and capabilities.	See pages 70, 71, 84 and 85
8.	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	See page 78
9.	Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.	See pages 86 to 93
10.	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	See pages 62 to 63 and 77

Corporate governance review continued

Board governance

The Board is responsible for setting the vision and strategy for the Group, and working closely with the executive management team to deliver a successful business model for our shareholders and other stakeholders.

There is a distinct division of responsibilities between the Chair and the CEO. The Chair is primarily responsible for the effective working of the Board in conjunction with management, and the CEO is responsible for the operational management of the business and for the implementation of the strategy agreed by the Board.

The Group Delegation of Authority policy sets out the matters that are reserved to the Board for approval. These include:

- matters relating to the Company's legal purpose and position and its status as a public listed company;
- changes in governance, strategy and significant changes in internal controls; and
- significant financial or contractual commitments and decisions.

For the full list of matters reserved to the Board, see the Group's website.

One of the changes in the QCA Code, was the requirement for shareholders to be given the opportunity to vote annually on the re-election of all individual directors to the Board. To date, we have followed the Company's Articles of Association which state that a third of the Board should be put up for re-election annually. From now on all our directors will stand for re-election at the AGM. At the September 2024 AGM, shareholders will be asked to approve a resolution to amend the Articles of Association to that effect.

Independence

Anders Hedlund, who founded our Group, is a Nominee Non-Executive Director. Anders Hedlund is considered not to be independent, because as founder, he has served on the Board since the Company's inception and his family hold significant interests in the shareholding of the Company. As reported in the financial statements, there are also some related party transactions between certain of the subsidiaries within our Group and companies under the ultimate control of the Hedlund family.

Following a review by the Board, the other Non-Executive Directors are considered to be independent.

Committees

The Board has three committees – Audit, Nomination and Remuneration. Each of these committees is comprised solely of independent Non-Executive Directors, with Executive Directors being invited to meetings as appropriate. For the membership of each committee, including its Chair, see the individual reports on pages 70 and 71.

The Audit Committee satisfies itself on the integrity of financial information and ensures the controls and risk management systems within our businesses are robust and defensible. The Committee meets as required during the year and at least twice with the Group's external auditors. Its role is to review the interim and final financial statements for approval by the Board, to ensure that operational and financial controls are functioning properly, and to provide the forum through which the Group's external auditors report to the Board. Further details about the activities undertaken by the Audit Committee this year can be found on pages 79 to 83.

The Nomination Committee is responsible for regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and other senior executives, and making recommendations to the Board with regard to any changes. It also keeps under review the leadership needs of the organisation, to ensure succession plans are in place, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. Further details about the activities undertaken by the Nomination Committee this year can be found on pages 84 and 85.

The Remuneration Committee assists the Board in fulfilling its responsibilities to shareholders to ensure that: (i) the remuneration policies and practices of the Company are designed to promote the long-term success of the Company, and are aligned with the Company's strategy and values, having regard to all statutory and regulatory requirements and to the views of stakeholders; and (ii) senior executives are provided with fair and sustainable remuneration which is linked to the delivery of strong personal and corporate performance. Further details about the activities undertaken by the Remuneration Committee this year can be found on pages 86 to 93.

The Terms of Reference for each committee are reviewed annually and can be found on the Group's website.

In line with the QCA Code, consideration has been given as to whether any additional committees are needed but it was concluded that no further ones were necessary at this time due to the strengthening of the Operating Board and the successful launch of the Forums during the year which have dedicated areas of focus. If there was a gap in knowledge or expertise in a particular area, external advisers would be consulted.

The Board keeps all aspects of corporate governance under review, with the governance framework developing further as the Group continues to grow.

The Board is kept regularly updated by the Group General Counsel and Company Secretary and the Nominated Advisor of their legal duties and any changes to legal and governance requirements for the Group.

In addition, the Board has access to the Deloitte Academy, which gives each Director (Executive and Non-Executive) access to a wide-ranging programme of technical briefings, education, bespoke training and peer-to-peer networking opportunities. This is a useful resource to ensure that they keep abreast of market trends in Board governance, legislative reform and keep their skills up to date.

The Board has access to external, specialist advice when necessary. This year, FIT Remuneration Consultants LLP continued to provide advice to the Remuneration Committee on a retained basis and BDO LLP (‘BDO’) continued to provide business assurance support to the Audit Committee. As stated earlier, Mayer Brown LLP provided in-person equality, diversity and inclusion training to the full Board.

Other key Board activities

During FY2024, the Board (itself or via the Board committees) worked hard to strike that essential balance between achieving the Group’s short-term objectives and longer-term growth and development. Key activities included:

- monitoring and review of the financial performance of the Group on an ongoing basis, including capital expenditure and significant projects;
- review of the interim and annual results including supplementary papers;
- review of the effectiveness of the Group’s internal financial controls, general internal controls and risk management systems;
- approval of the Group Tax Strategy;
- monitoring and review of the effectiveness of the business assurance function;
- receiving updates on litigation, health and safety and whistleblowing reports;
- overseeing the relationship with the external auditors;
- approval of the strategy, plans and budget;
- review of the Group’s principal risks;
- review of the ESG strategy;
- approval of key personnel remuneration;
- approval of the granting of Awards under the 2023-2026 LTIP scheme;
- approval of annual bonus targets for the following financial year;
- received an AIM rule briefing from the NOMAD;
- review of the key Group Policies.

Shareholder Engagement Calendar FY2024

Date	Engagement	Topics discussed
20 April 2023	Post-close full year trading update	Update on financial performance
20 April 2023	Various investor calls with CEO	Reactions to the Trading Update
20 April 2023	Written feedback from key investors via Canaccord	Supportive reactions to the Trading Update and the calls with the CEO
25 April 2023	Various investor calls with CEO	Reactions to the Trading Update
20 June 2023 – 28 June 2023	Full Year results announcement followed by investor meetings and calls	Full Year results
10 July 2023	Various Investor calls	Full Year results
12 July 2023	Analyst feedback report received from Alma PR	Feedback from the Analysts on the Full Year results
18 July 2023	Investor feedback report received from Canaccord	Overall positive responses to the Full Year results with some pointers for the future
14 September 2023	Annual General Meeting	
10 October 2023	Investor visit to DG UK	Wales site visit and meetings with UK MD
25 October 2023	Post-close interim trading update	Significant growth in profit and margin alongside strong cash flow. Full year results expected to be in line with expectations
28 November 2023 – 6 December 2023	Interim results announcement followed by investor meetings and calls	Interim results
13 December 2023	Investor call	Interim results
18 December 2023	Investor feedback report received from Canaccord	Positive response to management; generally remaining positive with the overall outlook

Corporate governance review continued

Time commitments

The Board is satisfied that the Directors can devote sufficient time to meet their Board responsibilities and carry out the Company's business.

Board performance

In March 2024 the Board conducted a self-evaluation of its performance. As in previous years, the Directors were asked to complete a questionnaire based on the ten principles of the QCA Corporate Governance Code 2018 (Code) and answer additional questions allowing Directors to give their views on the main achievements of the Board over the past twelve months, and the Board's main strengths and weaknesses.

The results were initially reviewed by the Chair and Group General Counsel and Company Secretary and then shared and discussed with the full Board.

The results show an improvement across all the principles of the Code, other than Principle 2 (corporate culture) which remained the same.

Such improvements reflect the Board's continued collaboration and alignment over the last 12 months in its efforts to engage with the Group and lead it forward. Of note was the improvement in Principle 1 (strategy and business model) which related to establishing a strategy and business model. This was an important focus over the last year and the roll out and embedding of the strategy will continue into the coming financial year.

In November 2023, the Audit and Remuneration Committees conducted self-evaluations of their performance. The Nomination Committee conducted its self-evaluation in March 2024. Similar questionnaires were used which incorporated the applicable QCA guidance with tailoring to the specific tasks of each committee.

Topics covered included:

- roles and responsibilities;
- Terms of Reference and planning;
- meetings – content and running of;
- skill set of members; and
- shareholder interaction.

Audit Committee:

The results showed a slight decline in all areas aside from overseeing business assurance in which there was a slight increase (this had been an area marked for improvement last year). It is important to note that when we looked closely at the numbers the decrease was negligible with all but two areas remaining at a rating of 4.1 and above out of 5 (5 = all of the time/ fully satisfactory, 4 = most of the time/ above average).

The two main areas for improvement for the coming year are Risk Management and Internal Controls, and Professional development. As noted above, the Board subsequently reviewed its risk appetite and the results of that exercise were inserted into the overall risk review process.

Nomination Committee:

This was the second year that the Committee had reviewed its performance. The results showed improvement year on year with members believing that the Committee continued to operate 'above-average' to 'fully satisfactory'.

Notable comments from the self-evaluation suggested the need to review the Board composition in the upcoming year, particularly in terms of succession planning for key roles and ensuring a broad spectrum of skills. The Chair and Group General Counsel and Company Secretary will factor this into the externally-facilitated board and committee evaluations which are intended for the coming year.

Remuneration Committee:

The responses showed an improvement across all categories since the prior year self-evaluation, with a noticeable improvement in Meetings, and Roles and Responsibilities.

All participants agreed that the committee members had achieved objectivity and independence. The only areas highlighted for improvement were forward planning and a requirement to issue written rather than verbal updates; and to reduce the number of off-cycle requests.

Evaluation of the Chair and Non-Executive Directors

Mark Tentori, Senior Independent Director, met with the Board members (excluding Stewart Gilliland) to obtain feedback on Stewart's performance as Chair. The feedback was extremely positive, with each member confirming their full support for the Chair.

Stewart met with each Director individually to discuss their individual contributions to the Board, assessing their effectiveness and highlighting any areas of improvement.

To date, the Board and its Committees have focused on self-evaluation of their performance. In accordance with the QCA Code, in the coming year the Chair and Group General Counsel and Company Secretary plan to arrange an externally facilitated review of the Board and the Committees.

The Board is in a strong position to drive the Group forward and bring about improvements in its performance.

Audit committee report

Mark Tentori
Chair of the Audit Committee

"The committee's primary focus, as always, is on the integrity of the financial reporting process"

Dear Shareholder,

On behalf of the Board I am pleased to present the Audit Committee report for the year ended 31 March 2024. This report provides an overview of the Committee's work and achievements in the year and looks ahead to our anticipated activities in the coming year.

Throughout the year, the Committee continued to support the Board in fulfilling its corporate governance responsibilities in relation to the Group's financial reporting, internal control and risk management systems as well as business assurance and external audit functions. Additionally, the Committee provided advice to the Board as to whether the annual report and financial statements taken as a whole are fair, balanced and understandable, and was diligent in ensuring that shareholders have the requisite information to evaluate the Group's position and performance, business model and strategy. The Committee is supported by the Group's established financial controls framework and the finance functions across the business.

In January 2024, the Group received a letter from the Financial Reporting Council (FRC) which had carried out a review of the Annual Report and financial statements for the year ended 31 March 2023. This review was based solely on the 2023 Annual Report and financial statements and did not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. I am pleased to report that the outcome of the review was positive and concluded that there were no questions or queries to be raised in respect of the 2023 Annual Report at that time. A number of improvement opportunities for existing disclosures were noted and, in June 2024, an update was provided to the Audit Committee on how these were to be addressed for 2024.

Audit committee report continued

All material improvement observations have been reflected in the 2024 Annual Report and financial statements. It should be noted that the letter provided no assurance that the Annual Report and financial statements are correct in all material respects; the FRC's role was not to verify the information provided to it but to consider compliance with reporting requirements. The FRC (which includes its officers, employees and agents) accepts no liability for reliance on it by the company or any third party, including but not limited to investors and shareholders.

The Committee's primary focus as always, is on the integrity of the financial reporting process. The Committee had a particular focus on areas such as going concern, asset impairment testing, inventory provisioning and deferred tax asset recognition. In addition, the Committee concentrated on the accounting judgements as well as disclosures with regard to adjusting items.

The Committee plays a key role in assisting the Board in ensuring the integrity of the financial statements, and that the effectiveness of both the Group's internal financial controls and the risk management framework is maintained. I am comfortable that the Committee is well placed to meet these challenges and to fulfil its duties over the coming year. I would like to thank Rohan Cummings, who joined the Group as CFO in July 2023, and Paul Bal who was in the role of CFO until then, for their financial management of the Group over the past year.

I would also like to thank my colleagues and fellow Board members for their contribution and counsel over the past 12 months which has enabled the Committee to fulfil its role in providing effective challenge and scrutiny.

Mark Tentori
Chair of the Audit Committee

24 June 2024

Role and responsibilities of the Committee

The core duties of the Committee include:

- ensuring the Group has suitable arrangements and policies in place to prevent fraud, anti-bribery and corruption and other compliance concerns (and to enable employees to report such matters);
- monitoring the integrity of the annual and interim financial statements, with a focus on reviewing the significant financial reporting policies and judgements within them;
- assessing whether the financial statements, taken as a whole, are fair, balanced and understandable;
- ensuring the Group operates with an appropriate internal controls framework and adopts appropriate risk management systems;
- monitoring and reviewing the effectiveness of the Group's business assurance function in the context of the Group's overall risk management framework; and
- overseeing the relationship with the external auditors, including their appointment, remuneration, terms of engagement and annual audit plan.

The Terms of Reference, which can be found on our website, set out the duties in more detail and incorporate the relevant elements of the QCA Corporate Governance Code. This report highlights the key discussions, decisions and actions that have taken place this year.

Membership and attendance

The membership of the Audit Committee has remained unchanged. All members of the Committee are, and were considered by the Board to be, independent throughout the year in review. As a qualified Chartered Accountant, I am considered by the Board to have recent and relevant financial experience.

The Committee has good access to the Group's finance team, to its outsourced business assurance function and to its external auditors and can seek further training and advice, at the Group's cost, as appropriate.

The Committee met formally on four occasions during the financial year. The quorum necessary for the transaction of business by the Committee is two, each of whom must be a Non-Executive Director. Only members of the Committee have the right to attend Committee meetings, however during the year, the CEO and CFO, along with members of the Group finance team, were invited to attend the meetings. In addition, our external auditors, PricewaterhouseCoopers LLP (PwC), and our business assurance providers, BDO LLP (BDO), have also attended Committee meetings at our invitation. Following each meeting, I briefed the Board on the key deliberations. Furthermore, I engaged separately with the external audit partner and senior management on multiple occasions throughout the year.

During the year, the Committee members have also visited some of our businesses in the UK, the US and the Netherlands.

The Group General Counsel and Company Secretary is Secretary to the Committee, and attended all the meetings.

Key activities and actions over the year

Financial statements

The Committee reviewed and approved the unaudited interim financial statements for the period ended 30 September 2023 and the full-year audited statements for the year ended 31 March 2024. In reviewing the financial statements, the Committee considered reports from the Group finance function as well as the external auditors.

Accounting matters

The Committee has reviewed the key areas of judgement within the financial statements, which are detailed below. Through this review, the Committee has assessed whether management has made appropriate judgements and estimates that align with the Group's accounting policies, whilst ensuring that appropriate rigour has been applied.

Throughout the year, finance teams around the Group, along with the Group finance function, have ensured that the business provides the required level of disclosure on significant issues to the Committee in relation to the financial statements. All accounting policies can be found in note 1 to the financial statements. Each of the areas of judgement has been identified as an area of focus and therefore the Committee has also received detailed reporting on these matters from PwC.

Significant accounting matters

1. The Committee and the Board reviewed and challenged the evidence and assumptions supporting the adoption of the going concern basis for the financial statements for the year ended 31 March 2024. The Committee paid particular attention to the forecasts prepared by management, assessing cash forecasts for the period ending 30 September 2025, the 'going concern assessment period'. The Committee and Board approved the terms of the Group's new financing arrangements on 5 June 2023, securing funding for the Group over the 'going concern assessment period' and beyond.

Memberships and attendance

Member	Member since	No. of meetings attended	Maximum possible meetings
Mark Tentori	1 January 2016	●●●●	●●●●
Stewart Gilliland	5 July 2021	●●●●	●●●●
Claire Binyon	1 June 2022	●●●●	●●●●

Audit committee report continued

Key activities and actions over the year continued

Other accounting matters

2. During the current financial year, the Audit Committee has overseen the restatement related to potential duties, penalties, and interest. This provision arises from potential duties owed within a foreign subsidiary of DG Americas from an era prior to acquisition. Determining the potential liabilities requires significant judgement and the use of complex estimates. The Committee has reviewed management's approach in estimating these liabilities, which involved detailed analysis of historical data (which in some cases has been challenging given the time period), consultations with external experts, and careful consideration of relevant tax and legal regulations. We are satisfied that these estimates are reasonable and have been made in accordance with applicable accounting standards. The restatement process has ensured a more accurate representation of the Group's financial position, enhancing the transparency and reliability of our financial reporting.
3. The Committee received reports from management covering the key judgements, forecasts and valuation metrics supporting the impairment reviews of goodwill. The Committee challenged the information and analysis prepared by executive management including assumptions on future cash flows (which were the same as those used for the going concern assessment), discount rates used and long-term growth rates, and concurred with management's conclusion that there was no indication of impairment.
4. The Committee reviewed the use of alternative performance measures (APMs) to present adjusted metrics alongside statutory counterparts and concurs with management's assessment that the items presented as adjusting items, represent adjusting items in accordance with the Group's accounting policy. Adjusting items are reviewed and approved by the Board. These include costs and income that are considered by the Directors to be material and one-off in nature, plus the amortisation of acquisition intangibles. In addition, the Committee is satisfied that the rationale and explanations behind the use of APMs is clearly disclosed and reconciled.
5. The recognition of deferred tax assets around the Group were assessed using the same forecasts that were used for the going concern and asset impairment testing. The Committee reviewed the recognition criteria and agreed with the continued derecognition of certain deferred tax assets in the Group.
6. The Committee reviewed the level of inventory provisioning around the Group at year end in respect of aged inventory, or anything deemed to be obsolete. In addition, the reported provision movements, which include the addition of new provisions for slow moving and obsolete inventory of $13.4 million (FY2023: $19.3 million) and the release of previous provisions of $4.5 million (FY2023: $6.4 million), have been reviewed and challenged, specifically those relating to DG Americas, and have been deemed to be appropriate.

Other areas of focus

The Committee also during the year:

- approved the Group's new financing arrangements signed on 5 June 2023
- approved the business assurance plan and agreed the external auditors' work plans for the Group;
- considered regular reports from our outsourced business assurance function on their findings;
- reviewed the Group's risk registers;
- reviewed the Group's governance policies;
- approved the Group tax strategy;
- approved the Group's centrally driven insurance arrangements; and
- reviewed the external auditors' independence and objectivity, the re-appointment of the external auditors and approval of the external auditors' remuneration.

Internal controls and risk management

The Committee oversees the Group's risk management framework, monitoring and reviewing the risk assessment process and advising the Board on risk exposures. In the current year, the Board reviewed the principal risks and associated risk appetite, with updates reflected in the Risk Management section on pages 64 to 69.

The Board has delegated responsibility for reviewing the effectiveness of the Group's systems of internal control to the Audit Committee, which includes financial, operational and compliance controls. The Committee gains assurance via a number of sources both internally and externally.

Controls

The Committee continually reviews the effectiveness of the Group's internal controls. As the Group operates as a decentralised business, each business unit has its own finance function, while leveraging the benefits of the Group. Each business unit is responsible for managing the processes and procedures, including financial controls and accounting policies, as well as operational and compliance controls within its jurisdiction.

As part of the Group's financial control framework, a set of minimum financial controls is delegated to each business unit, along with Group accounting policies to which each business unit is aligned. Each business unit confirms with every monthly accounts submission that they are adhering to this minimum set of controls. Bi-annually, a more comprehensive self-assessment checklist is required to be completed by each business unit which includes representations made by local management over the financial, as well as operational and compliance controls. This provides the Group finance function, and therefore the Committee, with comfort that appropriate controls are in place around the Group. As part of the Group's continuous efforts to improve the controls environment, several improvements were made to the internal controls environment and there are plans in place to introduce further enhancements. This remains a key area of focus for the Audit Committee.

The Group executives, with oversight from the Committee, undertook a detailed review of the compliance policies and controls during the financial year, and this resulted in the launch of a new Group Policy Framework. This framework seeks to formalise the processes around our key compliance and governance policies and ensure the rollout, training and adherence to these policies is appropriate and sets out a process for breaches to be reported. We recognise that the framework is an evolving document and will be regularly reviewed and updated to reflect changing business needs, and regulatory and legal changes.

The Committee also noted the internal control findings highlighted in the external auditors' reporting to the Committee and confirmed that it is satisfied that there is no material misstatement and that relevant action is being taken to resolve the control matters that were raised.

Business assurance

The Group's risk management framework operates within a 'three lines of defence' assurance model. The first line of defence lies with the operational owners and are the teams within the business managing and mitigating risks as part of their operational model. The second line of defence is internal and is corporate oversight, whereby individuals who are independent to the day-to-day operations perform a second layer review or verification of the mitigations and controls in place.

To gain further comfort, the Group operates an outsourced business assurance function as a third line of defence, which was performed by BDO during the financial year ended 31 March 2024.

The Committee has guided the activities of BDO in order to address the gaps between risk appetite and risk assurance mapping. Following on from the reviews over key financial controls and supply chain and sourcing which was concluded in June 2023, BDO have performed a review of our people-related controls and processes, which was concluded in March 2024.

External audit

The Committee monitors the Company's relationship with the external auditors to ensure that external independence and objectivity are maintained. In November 2023, the Committee met with PwC to agree the audit plan for the year, highlighting the key financial statements and audit risks, to ensure the audit was appropriately focused. In March 2024, PwC reconfirmed their audit plan for the year.

In June 2024, the Committee received a report from PwC with their key audit findings including the accounting matters discussed above, and also considered the Letter of Representation that PwC requires from the Board. The Committee met with PwC privately on a number of occasions during the year to discuss any matters necessary without management present.

The Audit Committee has reviewed the independence, objectivity and effectiveness of the external auditors, PwC, and has concluded that PwC continues to possess the skills and experience to fulfil its duties effectively and efficiently. PwC has confirmed that in its professional opinion it is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired.

The Committee has recommended to the Board that PwC are re-appointed as external auditors for the forthcoming financial year. This will be put to shareholders at the AGM in September.

Non-audit services

The Group has a policy in place governing the provision of non-audit services by the external auditors in order to ensure the external auditors' objectivity and independence is safeguarded. Under this policy, a 'white list' of permitted services is outlined, which includes the interim review undertaken by the external auditors during the financial year. No non-audit service can be provided to the Group without the express approval of the Committee. During the year the only non-audit service provided related to the interim review.

Evaluation of the Committee

The evaluation of the Committee was completed during the financial year as part of the FY2024 Board evaluation programme. An explanation of the process and conclusions arising from it are set out on page 78.

This report was approved by the Board of Directors on 24 June 2024.

Nomination committee report

Stewart Gilliland
Chair of the Nomination Committee

"This year the Board saw a number of changes in our Board and senior leadership teams"

On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 31 March 2024.

Duties

The primary duties of the Committee are to:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- keep under review the leadership needs of the organisation, and to ensure succession plans are in place, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected; and
- work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

Terms of Reference

The full Terms of Reference, which are reviewed and approved annually, can be found on our website.

Activities during the year

This year the Committee oversaw a number of changes in our Board and senior leadership teams:

Executive Directors

As stated in last year's Annual Report, Paul Bal was appointed Group CEO, effective as of 1 April 2023 and Rohan Cummings joined the Board as Group CFO on 3 July 2023.

The Company used the services of Warren Partners for all the executive and non-executive recruitments.

Wider workforce

As stated in last year's Annual Report, new MDs were appointed in DG UK and the Anchor International business within DG Europe. Both were internal promotions and took effect in this year.

The Committee, along with the Remuneration Committee, took an active role in overseeing the above appointments, taking into consideration the needs of the business and aligning those with the skills, knowledge and experience of both the existing and new management. The Board was kept fully informed at each step with the ultimate decisions regarding the Executive Directors being made by the full Board.

Diversity and inclusion

The Committee is keen to embrace a diverse culture and wants to see that reflected in the make up of the Board and the Senior Management Teams across the Group. The percentage of women on the Board is now 29% which is an improvement from a few years ago.

Further detail on the Group's focus on diversity and inclusion and additional statistics can be found on page 42.

Succession planning

We have now introduced a formal succession planning and review process. The DG Americas and DG UK (on behalf of DG International and DG plc) HR directors (HRDs) are tasked with creating and reviewing succession plans across the Group and these are now reviewed bi-annually by the Committee. During the coming year, the plans will be extended to consider contingency planning for the absence of key staff, as required in the latest version of the QCA Corporate Governance Code ('QCA Code').

Self-evaluation and board skills

In March 2024, in accordance with Principle 8 of the QCA Code, the Nomination Committee conducted its annual self-evaluation. This was the second review undertaken by the Committee and more information is provided on page 78.

This year the skills matrix has been updated to include the new CFO and to reflect the developing skill set of the other directors.

The skills matrix is comprised of four 'core' skills and a number of sector-specific skills. Improvement was seen across all areas. The results are set out below:

Board skills matrix

Skill	Number of Directors: Not skilled	Partially skilled	Highly skilled
M&A/Capital Markets		2	5
International Markets		2	5
Cyber Security/IT	5	2	
Manufacturing/Supply Chain		4	3
Health & Safety	2	5	
Environmental/Social	4	3	
Senior Executive			7
Legal/Public Policy	5	2	
Financial/Audit & Risk	1	2	4
Core Industry		6	1

Not skilled · Partially skilled · Highly skilled

Memberships and attendance

Member	Member since	No. of meetings attended	Maximum possible meetings
Stewart Gilliland	5 July 2021	●●●	●●●
Mark Tentori	1 January 2016	●●●	●●●
Clare Askem	5 July 2021	●●●	●●●

Executive Directors attend by invitation when appropriate.

Stewart Gilliland
Chair of the Nomination Committee

Directors' remuneration report

Clare Askem
Chair of the Remuneration Committee

"We have built on the steps taken last year to engage with the wider workforce across the Group"

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the Remuneration Committee's report for the year ended 31 March 2024. This report is split into 3 parts: Part 1 my statement and details of the remuneration committee; Part 2 the remuneration policy; and Part 3 the annual report on the application of the remuneration policy for the year ended 31 March 2024.

The other members of the Committee are Mark Tentori, Stewart Gilliland and Claire Binyon. Paul Bal and the DG Americas and DG UK HR Directors (HRDs) have a standing invitation to join the meetings, with the DG UK HRD representing both DG International and the DG plc team. We met four times during the year. The full Terms of Reference for the Committee, which are reviewed and approved annually, are available on our website. These were last reviewed in November 2023.

In a year where we have focused on strengthening the leadership teams across the Group, and building on cross-Group engagement and collaboration, I'd like to thank all our colleagues for their continuing hard work, dedication and commitment.

Part 1: Chair statement

This year we have experienced stability in terms of Board membership and have continued to strengthen the leadership in our Business Unit senior management teams. Both the DG UK and Anchor Managing Directors have settled into their roles well over the year and are having a positive impact on their teams and in supporting the wider cross-Group collaboration.

We have also built on the steps taken last year to engage with the wider workforce across the Group. This has involved visits by the Board to DG Americas, DG UK and DG Netherlands and the continued attendance of the HRDs at Committee meetings where they present detailed updates on the wider workforce views, initiatives, market pressures and challenges. This knowledge and awareness, alongside input from the Nomination Committee on succession planning, is vital when we are making our remuneration decisions.

Last year the first ever Group-wide employee engagement survey was undertaken: 'Your Voice. Our Future.' and this year we sought to build on that by a) utilising a third party employee engagement tool to enable a more sophisticated survey to be created and provide better quality reporting and analytics and b) asking BDO LLP to undertake a culture assessment across the Group (for more information see page 40). In order to not overload the Business Units the decision was taken to prioritise the BDO assessment in Q4 FY2024 and move the employment engagement survey to spring/summer 2024. The latter will therefore be reported on in next year's annual report.

More information on the employee engagement work can be found on page 40.

We were delighted to see strong support from our shareholders at the AGM in September 2023 where, on an advisory vote, 99.99% of votes cast were in favour of the remuneration decisions taken by the Committee in FY2023.

This year the following key decisions have been taken, which are explained in more detail below:

- key management changes
- salaries and annual bonus
- share incentive schemes

Key management changes

This year we have announced the following Board changes:

Executive Directors

As highlighted in last year's Remuneration Report, Paul Bal moved into the role of Group CEO on 1 April 2023. Since then, Rohan Cummings joined the Board on 3 July 2023 as Group CFO.

Non-Executive Directors

Stewart Gilliland reverted to his Non-Executive Chair role on 1 April 2023.

Memberships and attendance

Member	Member since	No. of meetings attended	Maximum possible meetings
Clare Askem	5 July 2021	●●●●	●●●●
Mark Tentori	1 January 2016	●●●●	●●●●
Stewart Gilliland	5 July 2021	●●●●	●●●●
Claire Binyon	1 June 2022	●●●●	●●●●

Directors' remuneration report continued

Part 1: Chair statement continued

Salaries and annual bonus FY2024

As noted in last year's report, other than Paul Bal's increase in salary when he was appointed Group CEO (£470,000 p.a.), the Directors did not receive a salary increase in FY2024. Rohan Cummings' salary on appointment in July 2023 was £370,000 p.a.

The wider workforce senior management teams were granted salary increases ranging from 3.5% to 10%. Such increases were aligned with, or lower than, their respective wider workforce increases.

Bonus

We used a mix of Group Adjusted Profit (80% weighting) and Net Cash (20% weighting) targets for our FY2024 annual bonus as it was felt appropriate to return to a more standardised and consistent profit metric that would simplify the scheme and return it to where it was in the years prior to FY2023.

Our performance against both metrics was strong notwithstanding challenging market conditions continuing. We were pleased that our participating executive directors earned bonuses of 120% of salary. The Committee considered these outcomes to be appropriate having regard to overall company performance in the year.

Share incentive schemes

LTIP 2023-2026

On 9 August 2023, a total of 443,342 and 260,330 nil cost options over ordinary shares of 5 pence each in the capital of the Company were awarded to Paul Bal and Rohan Cummings, respectively, under the Company's 2022 Long Term Incentive Plan. The reference value of a share used to set the number of shares under the awards was 132.516p being the average of the volume weighted average price of the Company's shares on AIM for each of the 30 Dealing Days immediately preceding the Grant Date of 9 August 2023. These awards represented shares worth 125% of base salary, although the award to Rohan Cummings was reduced pro-rata to reflect his start date of 3 July 2023.

The previous LTIP scheme agreed by the Committee in August 2022 following extensive discussions and after taking advice from external advisors (FIT Consultants) was considered to be an appropriate structure for regular awards which followed market norms and provided appropriate incentive to a broad pool of senior Group management. It was therefore agreed to follow the same structure and metrics for the 2023-2026 grant.

The awards were weighted two-thirds towards a Relative Total Shareholder Return (TSR) metric and one-third Earnings Per Share (EPS) metric as the performance measures. FIT Consultants reconfirmed their advice that a measurement of TSR by the Group relative to a peer group of the FTSE SmallCap (excluding Investment Trusts) would be an appropriate performance criterion.

For the Relative TSR measure, qualifying performance is on a straight-line sliding scale with 25% of entitlement vesting at a 50th percentile (median) ranking rising to 100% vesting at a 75th percentile (upper quartile) ranking performance. There is no vesting below the median ranking.

For the EPS measure, we used a performance range for the Adjusted EPS metric in absolute value terms, modelled for FY2026 EPS performance (reflecting a 3-year performance period of FY2024, FY2025 and FY2026), with 25% vesting at Threshold of 19.5 cents EPS and a straight-line sliding scale to Maximum at 27.8 cents.

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

Awards under the Plan were also granted to c70 key leaders and senior managers across the Group.

Taking into consideration the effect on the existing share plans' dilution authority, the Board requested that the Employee Benefit Trust purchase up to two million ordinary shares in the Company at the best price possible. The EBT agreed with this request and between December 2023 and February 2024 purchased 1,996,368 million shares at an average price of 140.0p per share.

Payments made to former Directors and payments for loss of office

No payments were made to former Directors for loss of office.

Other key activities of the Committee during the year

- Reviewed the Committee's Terms of Reference
- Undertook a self-evaluation of the Committee. See page 78 for further detail
- Approved the remuneration section of the Company's annual report and financial statements
- Received presentations from the HRDs on the remuneration and experiences of the wider workforce
- Received a Market & AGM season update and pay trends overview from the Remuneration Consultant
- Introduced personal objectives linked to the Executive Directors' FY2025 bonus entitlement

Assistance to the Committee

During the year the Committee received input from the CEO, CFO, the Group General Counsel and Company Secretary and the HRDs. In addition, it continued to receive advice from FIT Remuneration Consultants LLP.

Implementation of policy in FY2025

Salary/fees review

The annual salary review took place at the end of FY2024 for most of our businesses, the plc Team and the Directors. Increases, which took effect from 1 April 2024, were awarded taking into account the ongoing cost-of-living challenges, which the majority of our workforce face, and the additional burden which inevitably falls on the lowest paid workers. Executive Directors (Paul Bal and Rohan Cummings) were awarded a 3% increase, with the Senior Management Teams across the Group generally receiving an increase of between 3-5%. The DG Americas Executive Leadership Team decided to forego an increase in FY2025.

The wider population of employees received increases ranging from 3.5% to 6% with those in the UK earning 'living wage' receiving a 9.6% increase. All businesses held to the principle that the senior management teams should not receive higher increases than the wider workforce and in the majority of cases were awarded less.

The fees paid to the Non-Executive Directors had not been reviewed since 2021 and so for FY2025 data was provided by FIT Remuneration Consultants (FIT) in order to benchmark the fees against a comparator group. Although IG Design is listed on AIM, for recent reviews of Executive and Non-Executive remuneration a principle was established to consider data sets of Main Market rather than AIM companies, as the comparator groups were likely to capture more businesses with a similar scale of operations and maturity to IG Design. As a result, the base fees for the Non-Executive Directors were increased from £45,000 to £55,000 per annum, with additional fees for Committee Chairs and the Senior Independent Director remaining at £10,000 and £5,000 respectively.

A similar review and benchmarking exercise from FIT was applied to the Chair fees and Stewart Gilliland was awarded an increase to £155,000 per annum (previously £140,000).

FY2025 incentive plans

The Committee continues to believe that it is in shareholders' best interests that 'market normal' incentive plans are operated in FY2025 to support the ongoing recovery journey. The current intention is to:

- operate an annual bonus plan; and
- award an LTIP in summer FY2025 ('2025-2027 LTIP') to a population of senior executives.

For FY2025 the Committee has introduced personal objectives to the bonus metrics for the Executive Directors. The objectives represent 15% of their bonus entitlement.

When awarding the LTIP we will continue to be mindful of the risk of windfall gains and also the dilution effects of the scheme.

Conclusion

I hope that you have found my introductory statement useful and the accompanying report informative and clear. We hope that shareholders will give their support to the DRR advisory resolution at the AGM in September 2024.

Clare Askem

Chair of Remuneration Committee

24 June 2024

Directors' remuneration report continued

Part 2: Remuneration policy

Executive Directors

The Group's remuneration policy is to ensure that the remuneration of Executive Directors is sufficiently competitive to enable the Group to retain and motivate existing Directors and attract high-quality performers in the future. The Group aims to incentivise and reward its Executive Directors in a way that is consistent with the Group's commercial objectives and to align the interests of the Directors with those of the shareholders. To achieve this, the Executive Directors' total remuneration comprises both fixed remuneration and variable reward, the latter reflecting Group performance.

The five main components of the Executive Directors' remuneration packages can be seen in the table below, with a clear link to the Group's business model and strategy:

Element (and purpose)	Link to business model and strategy	Operation and performance	Maximum opportunity	Operation in FY2024
Base salary To attract and retain individuals of the required calibre to successfully deliver the business strategy.	'Winning with the winners' extends to our employees– recruiting Executive Directors with the level of skills, talent and experience needed to execute our strategy.	Salaries are based on a number of factors, including: • the skills and experience of the individual; • the size, responsibilities and complexity of the role; • external market data; and • inter-Group comparisons.	Not applicable.	CEO – £470,000 p.a. CFO – £370,000 p.a.
Annual bonus To align the interests of Executive Directors with shareholders.	The annual bonus encourages individuals to actively support and engage with the delivery of the Group strategy, with payout directly based on Group performance.	The Remuneration Committee sets the performance measures and targets each year. Bonuses are paid in cash once the annual results have been audited and are subject to the approval of the Committee.	The maximum achievable is 120% of base salary for the Executive Directors.	Maximum bonuses at 120% of base salary Metrics: 80% Group Adjusted Profit; 20% Net cash
LTIP schemes To align the interests of Executive Directors with shareholders and support retention.	The primary purpose of the long-term incentive schemes is to reward the individual for delivering the Group strategy and, in turn, increasing shareholder value.	Awards under the schemes are in the form of shares and are subject to performance conditions.	265% of base salary, 325% in exceptional circumstances.	2023-2026 LTIP CEO and CFO were awarded 125% of base salary (with the CFO's proportion pro-rated due to start date of employment). Three-year vesting period and two-year holding period Metrics – two-thirds relative TSR vs FTSE SmallCap (ex IT) constituents; one-third EPS
Pension To provide market normal pensions.	To enable Directors to make long-term provisions for their future retirement at market competitive rates.	Pensions are provided in line with market practice and relevant statutory requirements.	5%	All Executive Directors receive 5% salary contribution in lieu of pension. This is in line with the wider workforce
Other benefits To provide market normal benefits.	The provision of additional benefits assists in the Group's recruitment strategy and gives the employee comfort and assistance in carrying out their roles effectively.	Benefits can include: life assurance, private medical insurance and car allowance.	Not applicable.	No changes.

Dilution of share capital by employee share plans

The Company monitors and has complied with dilution limits in its share scheme rules. The Board retains the flexibility of using Employee Benefit Trusts to buy ordinary shares to mitigate future dilution subject to cash position and banking approvals.

Malus and clawback

The LTIP schemes are subject to malus and clawback provisions which may be applied in the following circumstances:

- a material misstatement of the Company's audited results;
- a material failure of risk management, in any Group Member or a relevant business unit;
- serious reputational damage to the Company, any other Group Member or a relevant business unit; or
- any other circumstances which the Board in its discretion considers are disadvantageous to the shareholders and are similarly serious in nature to those above.

Holding periods

Under the LTIP, the Executive Directors are subject to a two-year holding period, during which time they are prevented from exercising any shares which have vested under the scheme.

Shareholding guidelines

The Company operates a shareholding policy which requires Executive Directors to build up a holding of shares equal in value to 100% of their salary before any shares are sold. LTIP awards that have vested and been exercised count towards the requirement.

Non-Executive Directors

The Group's remuneration policy in respect of Non-Executive Directors is to pay annual fees which reflect the responsibilities and duties placed upon them, whilst also having regard to market practice.

The remuneration of the Non-Executive Directors is recommended by the Chair and approved by the Executive Directors. The Chair's remuneration is approved by the Remuneration Committee. No Director is involved in any decision relating to their own remuneration.

Service contracts

The Executive Directors have service contracts which can be terminated by the Company with no greater than six months' notice.

Non-Executive Directors do not have service contracts and their appointments may be terminated without compensation at any time.

All Non-Executive Directors have letters of appointment and their appointment and subsequent re-appointment is subject to approval by shareholders.

FY2025

No additional significant changes to the remuneration policy are envisaged for FY2025; however, the Remuneration Committee will continue to regularly review the policy to ensure it remains appropriate to the business.

Part 3: Annual report on remuneration

Directors' remuneration

The summary of Directors' remuneration is as follows (audited):

	Aggregate for all Directors		Highest paid Director	
	FY2024 £000	FY2023 £000	**FY2024 £000**	FY2023 £000
Salary and bonus	**1,990**	2,529	**1,034**	935
Benefits	**35**	43	**20**	15
Payment in lieu of pension	**37**	56	**24**	29
LTIP	**—**	97	**—**	—
Total remuneration	**2,062**	2,725[(a)]	**1,078**	979

(a) Total remuneration for FY2023 included £979,305 paid to Lance Burn and £258,577 paid to Giles Willits.

Directors' remuneration report continued

Part 3: Annual report on remuneration continued

Directors' remuneration continued

The remuneration in respect of the year ended 31 March 2024 to the Directors, by individual, was as follows (audited):

	Salary/Fees		Taxable benefits[a]		Pension[b]		Annual bonus[c]		LTIP		Total	
	£ 2024	£ 2023	**£ 2024**	£ 2023	**£ 2024**	£ 2023	**£ 2024**	£ 2023	**£ 2024**	£ 2023	**£ 2024**	£ 2023
Executive Directors												
Paul Bal	**470,000**	334,584	**20,452**	18,894	**23,500**	16,729	**564,000**	401,500	**—**	—	**1,077,952**	771,707
Rohan Cummings[d]	**277,500**	—	**14,666**	—	**13,875**	—	**333,000**	—	**—**	—	**639,041**	—
Directors in the prior year:												
Lance Burn	**—**	425,000	**—**	15,086	**—**	29,219	**—**	510,000	**—**	—	**—**	979,305
Giles Willits	**—**	126,000	**—**	5,730	**—**	9,750	**—**	117,000	**—**	—	**—**	258,480
Total Executive	**747,500**	885,584	**35,118**	39,710	**37,375**	55,698	**897,000**	1,028,500	**—**	—	**1,716,993**	2,009,492
Non-Executive Directors												
Clare Askem	**55,000**	55,000	**—**	—	**—**	—	**—**	—	**—**	—	**55,000**	55,000
Claire Binyon	**45,000**	37,500	**—**	—	**—**	—	**—**	—	**—**	—	**45,000**	37,500
Stewart Gilliland[e]	**140,000**	373,333	**—**	—	**—**	—	**—**	—	**—**	—	**140,000**	373,333
Anders Hedlund	**45,000**	89,332	**—**	3,131	**—**	—	**—**	—	**—**	—	**45,000**	92,463
Mark Tentori	**60,000**	60,000	**—**	—	**—**	—	**—**	—	**—**	—	**60,000**	60,000
Total Non-Executive	**345,000**	615,165	**—**	3,131	**—**	—	**—**	—	**—**	—	**345,000**	618,296
Total Directors	**1,092,500**	1,500,749	**35,118**	42,841	**37,375**	55,698	**897,000**	1,028,500	**—**	—	**2,061,993**	2,627,788

(a) The benefits relate primarily to private health and car benefits.
(b) Pension figures relate to additional salary payments paid in lieu of pension.
(c) Bonuses are accrued and will be paid in June 2024.
(d) Appointed 3 July 2023.
(e) Stewart Gilliland reverted to Non-Executive Chair on 1 April 2023.

The highest paid Director was Paul Bal (2023: Lance Burn).

The Group provides death in service life assurance to the value of four times pensionable salary.

Long Term Incentive Plan[a]

Share options held by Executive Directors who served during the year are as follows:

	LTIP not yet vested 2022-2025	LTIP not yet vested 2023-2026
Paul Bal	480,536	443,342
Rohan Cummings	—	260,330

(a) Audited.

Further information can be found in note 23 to the consolidated financial statements.

Directors' interests[a]

The Directors who held office during the year had the following direct interests in the ordinary shares of the Company:

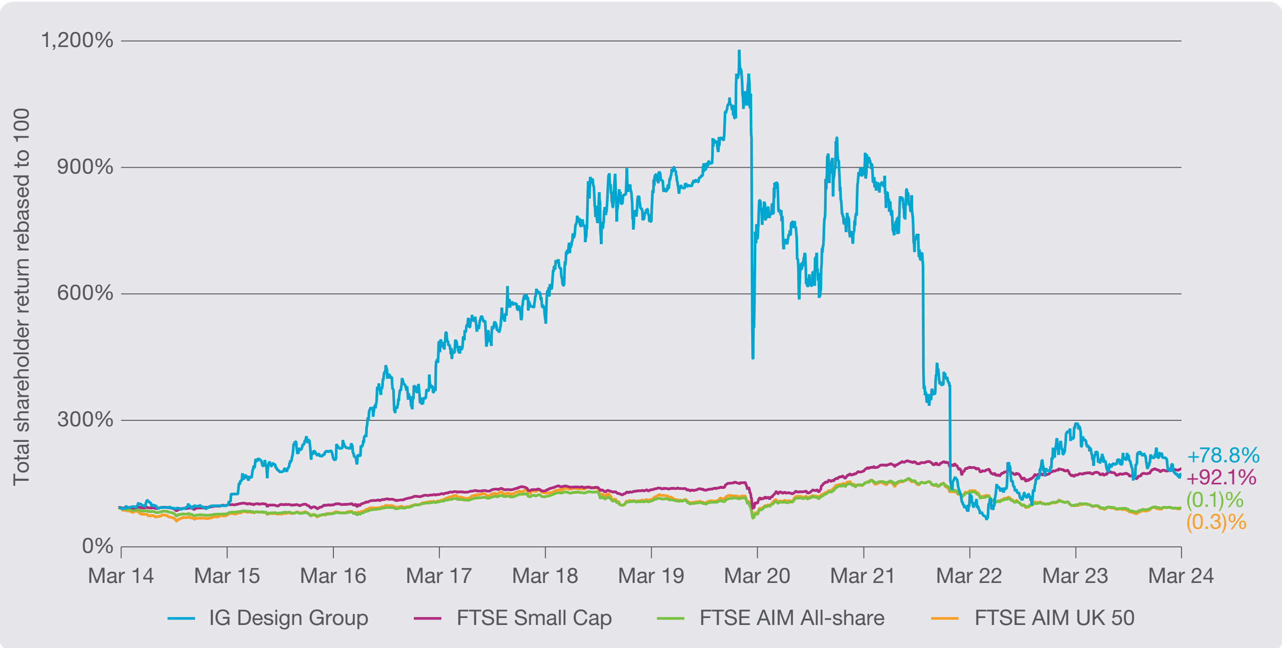
Interest in ordinary shares at the end of the year	FY2024	FY2023
Clare Askem	**24,096**	24,096
Paul Bal	**110,000**	110,000
Claire Binyon	**13,605**	13,605
Rohan Cummings	**43,261**	—
Stewart Gilliland	**57,500**	57,500
Anders Hedlund[b]	**100,448**	100,448
Mark Tentori	**51,374**	39,665

(a) Audited.

(b) In addition to the above holdings: (a) 16,642,640 (2023: 16,642,640) and 5,275,116 (2023: 5,275,116) ordinary shares of 5p each are respectively registered in the name of AC Artistic Limited ('Artistic') and Malios Limited, companies incorporated in the British Virgin Islands, and under the ultimate control of the Hedlund family. In addition to the Hedlund family's beneficial interest set out above, the Hedlund family is also interested in a further 900,790 ordinary shares. These ordinary shares are held by West Coast Trust, a trust for the benefit of Anders Hedlund's adult children. In total, the Hedlund family has interests in 22,918,994 ordinary shares, representing 23.32% of the current issued share capital of Company.

Cumulative total shareholder return (dividend reinvested) vs. selected indices

The graph below shows the percentage change in total shareholder return for the last ten years compared to the FTSE Small Cap, FTSE AIM All-share and the FTSE AIM UK 50.



Directors' report

The Directors present their annual report on the affairs of the Group and the Company, together with the audited financial statements and independent auditors' report for the year ended 31 March 2024.

Directors

The Directors who were in office during the year were:

- Clare Askem
- Paul Bal
- Claire Binyon
- Rohan Cummings (appointed on 3 July 2023)
- Stewart Gilliland
- Anders Hedlund
- Mark Tentori

Results and dividends

Results for the year ended 31 March 2024 are set out in the consolidated income statement on page 105. The Directors are not recommending a final dividend for FY2024.

Articles of association

A copy of the full articles of association is available on request from the Company Secretary and is also available on the Group's website **www.thedesigngroup.com**. Any amendments to the articles of association can only be made by a special resolution of the shareholders.

Share capital and substantial shareholders

Details of the issued share capital, together with details of the movements during the year, are shown in note 20 to the consolidated financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation.

Details of share-based payments are set out in note 23 to the financial statements and the Directors' remuneration report. No person has any special rights or control over the Company's share capital and all issued shares are fully paid.

At 31 March 2024, the Company has been notified of the following substantial shareholders of the issued ordinary share capital of the Company:

Largest shareholders[(a)]	% of issued share capital
Hedlund Family	23.32%
Canaccord Genuity Wealth Management (Inst)	14.88%
Octopus Investments	10.80%
Fidelity International	9.90%
IG Design Group Plc Employee Benefit Trust	3.08%

(a) Information taken from Equiniti Share Register Analysis 31 March 2024.

Acquisition of the Company's own shares

At the AGM held on 14 September 2023, the Company was authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of up to 9,827,987 ordinary shares (being approximately 10% of the share capital) on such terms and in such manner as the Directors of the Company may from time to time determine.

This authority was not used during the year or up to the date of this report. Shareholders will be asked to renew these authorities at the AGM as detailed in the next AGM notice.

Directors' indemnities and Directors' and officers' liability insurance

The Directors have the benefit of an indemnity provision contained in the Articles of Association which is a qualifying third-party indemnity (as defined by section 234 of the Companies Act 2006).

The Company has purchased Directors' and officers' liability insurance during the year as allowed by the Company's articles and is in place at the point of signing the financial statements.

Financial risk management

Details of the Directors' assessment of the principal risks and uncertainties which could impact the business are outlined in the principal risks and uncertainties section on pages 64 to 69 along with financial risk in note 24 to the consolidated financial statements. The Board manages internal risk through the ongoing review of the Group's risk register and the Board manages external risk through monitoring of the economic and regulatory environment and market conditions.

Going concern
The Directors continue to adopt the going concern basis in preparing the annual report and financial statements. Further details are set out in note 1 to the consolidated financial statements and page 34 of the strategic report.

Post balance sheet events
See note 30 for details.

Political donations
No political donations were made during the year under review.

Employees
The Directors recognise the benefits of keeping employees informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through employee briefings that are held in most businesses at least twice a year and regular team briefings. For further information please refer to the Section 172 (1) statement on pages 62 and 63. The Directors also recognise the importance of consulting employees to ensure their views are taken into account which is why the Group-wide engagement survey was launched. For further information, please refer to the Sustainability report on page 36.

The Directors recognise the importance of encouraging the involvement of employees in the company's performance through an employees' share scheme, for further information refer to Remuneration Committee report on pages 86 to 93.

The Directors conform to current employment laws on the employment of disabled persons ensuring (i) full and fair consideration to applications for employment; (ii) the continued employment of, and appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company, and (iii) the ongoing training, career development and promotion of disabled persons employed by the company.

Stakeholder engagement
Please refer to the Section 172 (1) statement on pages 62 and 63.

Health and safety
The Directors are committed to maintaining high standards of health and safety in every area of the business.

Following the end of each quarter, the Directors receive a report setting out the number and type of accidents which have occurred in the quarter. The quantitative data is tracked in order to provide a comparison against prior years; to identify trends in types of accidents; and to ensure corrective actions can be implemented and best practice identified. It is the aim of the Directors to exceed the requirements of health and safety legislation and we have established a health and safety co-ordinator to ensure continuous improvement of health and safety across the Group.

Disclosure of information to the auditors
In the case of each Director in office at the date the Directors' report is approved, the following applies:

- the Director knows of no information, which would be relevant to the auditors for the purpose of their audit report, of which the auditors are not aware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make him/herself aware of any such information and to establish that the auditors are aware of it.

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Group will be put to the Annual General Meeting.

Approval of the strategic report and Directors' report
The strategic report and Directors' report were approved by the Board on 24 June 2024.

Environmental reporting
During FY2024 we reviewed the UK businesses' total energy use and associated greenhouse gas emissions in accordance with the government's guidance on Streamlined Energy and Carbon Reporting. The result of this review, focusing on the combustion of gas, the consumption of fuel for transport, and electricity use, is set out in the strategic report on page 61.

Future developments
The Board aims to pursue its corporate strategies as detailed in the strategic report on pages 10 to 19.

By order of the Board

Joy Laws
Group General Counsel and Company Secretary

24 June 2024

Statement of Directors' responsibilities

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.

On behalf of the Board.

Rohan Cummings

Chief Financial Officer

24 June 2024

Independent auditors' report

to the members of IG Design Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- IG Design Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated balance sheet and the company balance sheet as at 31 March 2024; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 3, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The one financially significant component, being a sub-consolidation of 13 individual reporting entities, has been audited by a PwC network firm.
- Four other reporting components were audited by the group engagement team and one other reporting component was audited by another PwC network firm.
- Specified audit procedures were performed by the group engagement team over specific balance sheet line items in two further non-significant components.
- The group engagement team audited the group consolidation and the key audit matters including the Customs duty liability and going concern.
- Our scoping results in audit coverage of 76% (FY2023: 75%) of revenue.

Key audit matters

- Going Concern (group and parent)
- Customs duty liability (group)
- Valuation of investments and intercompany receivables (parent)

Materiality

- Overall group materiality: $4,000,000 (FY2023: $4,435,000) based on 0.5% of total revenues.
- Overall company materiality: £2,482,000 (FY2023: £2,397,000) based on 1% of net assets.
- Performance materiality: $3,000,000 (FY2023: $3,326,000) (group) and £1,862,000 (FY2023: £1,798,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors' report continued

to the members of IG Design Group plc

Our audit approach continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

'Customs duty liability' is a new key audit matter this year. 'Valuation of goodwill - UK & Asia CGU' was a key audit matter last year; it is no longer included as a key audit matter as, following the impairment booked in the previous year, carrying values are less sensitive to estimates and judgements included within the model. 'Valuation of DG Americas inventory provision' was also a key audit matter last year; it is no longer included as a key audit matter as the risk has reduced following continued process improvements and standardisation of provisioning policies. In the prior year, 'Refinancing' was included as a key audit matter; the equivalent key audit matter in the current year is titled 'Going concern'. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Going Concern (group and parent) Refer to the Audit Committee Report and note 1 (Accounting policies) to the consolidated and company financial statements. During FY2024, the Group's facilities have been refinanced. The new facilities are different to those they replaced as the borrowing limit under the new facility varies through the going concern period as opposed to the fixed borrowing limit availability in the past, which has required the Directors to perform new methods of analysis as part of the liquidity modelling and going concern assessment. The new arrangements centre around an asset backed loan where the level of borrowing capacity at any point in time is derived from the group's trade receivables balance in its US business. This assessment has included the period to 30 September 2025 and has considered the level of liquidity available through the new financing facility in both a base case and a severe but plausible downside scenario. The Directors concluded that it was appropriate to prepare the financial statements on a going concern basis and that no material uncertainty exists with regards to going concern. We focused on going concern given the new financing arrangements have been put in place during FY2024. The risk is considered to be around the business adjusting to the requirement of managing liquidity within the new financing facilities alongside the forecasting accuracy risk in relation to the underlying cash flows.	See the section "Conclusions relating to going concern" below for how we addressed this key audit matter

Key audit matter	How our audit addressed the key audit matter
Customs duty liability (group) Refer to the Audit Committee Report and note 17 (Provisions) of the consolidated financial statements. The group has recorded a provision of \$5.5m in respect of unpaid customs duties, associated interest and penalties in a foreign subsidiary of the DG Americas component. The duty liability arose in a historical pre-acquisition period. Consequently, the provision has been created through a prior period adjustment with the corresponding entry taken to goodwill. Owing to the age of the matter and associated challenges in accessing complete records, the calculation of the provision contains estimation over the valuation of any penalty which may be levied by the relevant tax authority.	The matter has arisen in a non-material sub-component of the DG Americas component. The sub-component has historically been out-of-scope for any audit procedures due to its financial insignificance. At the point the Directors' made us aware that they had identified the liability, we adapted our plan to include appropriate procedures which have been performed by the group engagement team. We have: • Obtained and read group management's assessment of the matter and independently corroborated key facts and circumstances through discussion with other stakeholders and inspection of documentation held by group management and in the local territory. • Obtained and read reports issued by the Directors' legal experts, alongside evaluating their competence, objectivity and independence. We have met and corresponded with the expert to understand the basis of their conclusions and challenged aspects of their work to enhance our understanding of their views. • Performed a substantive test on items input into the duty calculation performed by the Directors' expert; we validated that purchases with the known risk attribute are included within the population the Directors isolated. • Engaged our own customs duty expert in the PwC member firm of the relevant territory. Our expert's scope was to evaluate the Directors' expert's report and form an independent opinion on the likely penalty, custom tax and interest which will be levied by the tax authority in consideration of the unique facts and circumstances of this case. • Evaluated the appropriateness of treating the adjustment made as a prior year adjustment and the rationale for the adjustment made to goodwill. • Considered where management's internal control and governance processes could have identified the matter in the prior periods. • Evaluated whether the incident, which includes alleged mis-declarations having been made to the tax authority, introduces any additional risks of material misstatement to the financial statements. In doing so we have considered the scale of the sub-component including the extent of judgement or estimation in their financial reporting, the roles and influence of the local management team, and whether similar fact patterns exist in other out-of-scope components of the group. Our evaluation has included input from our internal forensic experts. • During the course of performing these procedures we have met separately with local finance management, DG Americas finance management, group finance management, group company secretarial and legal and the group chief executive. We are satisfied that the provision recorded by the Directors in respect of the liability is materially correct. We note however that it contains a high degree of estimation uncertainty and concur with the disclosures the Directors have made in this regard. We are satisfied that the matter has not led to any other risk of material misstatement being identified.

Independent auditors' report continued

to the members of IG Design Group plc

Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Valuation of investments and intercompany receivables (parent) Refer to note 4 (Investments), note 6 (Debtors – due within one year), note 7 (Debtors – due after more than one year) and note 16 (Accounting estimates and judgements) of the company financial statements. The company has Investments in subsidiaries of £209.4 million, which reflects the company's interest (directly and indirectly) in all of the group's trading businesses. The company also has amounts owed by group undertakings of £33.7 million. In the prior year, an impairment of £6.5 million was charged to investments, specifically in relation to the investment in the UK & Asia subsidiaries. This was due to the increase in discount rates and the decline in trading conditions. Management has performed an impairment indicator assessment as at the year end, which revealed no indicators of impairment.	At the planning stage of the audit, we assessed the design and implementation of controls over the investment impairment review process. During the execution stage, we obtained the impairment indicator assessment and noted the Directors' have considered both internal and external sources as required by the accounting standard. The Directors' have concluded that there are no triggers identified during the current year which would warrant a full impairment analysis. As part of our audit of the impairment indicator assessment we have: • Obtained a schedule of investments and intercompany balances, which we tested the completeness of. • Validated external market sources considered by the Directors' including interest rate benchmarks. • Corroborated internal sources including the approved Board forecasts. We have also considered the results of other audit procedures, such as those performed over the groups future cash flows and performance against expectations. Based on our work performed against each of the indicators, we concur with the Directors' view that there are no indicators for impairment in the current year. Further, no indicators were identified that would warrant an impairment reversal assessment during the current year.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured into a number of reporting entities, including one for each trading subsidiary and the parent company together with consolidation entities. We defined a component to be the reporting entity level at which management prepares and reviews the financial information, which in certain territories is at a sub-consolidation level. We identified one (FY2023: one) financially significant component, which is a sub-consolidation of 13 (FY2023: 12) individual reporting entities within the DG Americas business, based on its contribution to the group's revenue. A full scope audit was performed over this component, as well as over the company and four (FY2023: four) other trading components; two (FY2023: two) in the UK, and one (FY2023: one) in both the Netherlands and in Australia, giving a total of six (FY2023: six) components subject to full scope audits. Four (FY2023: four) of these components were audited by the group engagement team with the financially significant component and one (FY2023: one) other reporting component audited by other PwC network firms. Specified audit procedures were performed over specific balance sheet line items in two (FY2023: two) additional non-significant components by the group engagement team in order to ensure sufficient coverage at the financial statement line item level. The overseas component audit teams worked under the instruction of the group engagement team and were in regular contact with the group engagement team throughout the audit cycle. This started at planning through to completion, including a site visit to the significant component team and local management team by the group team as well as utilising video conferencing at multiple intervals and other frequent communication. In addition, the group engagement team performed workpaper reviews of both components audited by other PwC network firms. The group engagement team audited the group consolidation, including its consolidation adjustments, the valuation of goodwill, the valuation of the customs duty liability and going concern. Analytical procedures were performed by the group engagement team on all components not subject to a full scope audit. The approach outlined above provides audit coverage of 76% (FY2023: 75%) of revenue. The company consists of one reporting unit which was subject to a full scope audit by the group engagement team for the purpose of the company financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements. This included validating whether current known costs of climate change, such as the impact of the UK Plastic Tax, had been included within the forecasted cash flows that support Going Concern and the Goodwill and Investment valuations.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	$4,000,000 (FY2023: $4,435,000).	£2,482,000 (FY2023: £2,397,000).
How we determined it	0.5% of total revenues.	1% of net assets.
Rationale for benchmark applied	Revenue is a key metric used by management and external stakeholders in assessing the ongoing performance of the group that appropriately reflects the size and scale of the group. It is also a generally accepted auditing benchmark. When considering the relevant percentage of total revenue to apply, we have considered a range of potential other benchmarks, which is comparable to the approach taken in FY2023.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity given it is a holding company for the group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $1,250,000 and $3,785,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (FY2023: 75%) of overall materiality, amounting to $3,000,000 (FY2023: $3,326,000) for the group financial statements and £1,862,000 (FY2023: £1,798,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $200,000 (group audit) (FY2023: $220,000) and £124,000 (company audit) (FY2023: £120,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued
to the members of IG Design Group plc

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- At the planning stage of the audit, we assessed the design and implementation of controls over the directors' budgeting process which forms part of the going concern assessment. We have also assessed the design and implementation of control procedures that relate to the preparation, review and approval of the going concern assessment and related modelling.
- We obtained and reviewed the renewed bank facilities agreement dated 5 June 2023 and validated that the facility terms were consistent with those management had modelled in the liquidity assessment.
- Reviewed the mathematical accuracy of the Directors' going concern assessment, forecasts and updated covenant compliance for the Group for a period of at least 12 months from the date of approval of the financial statements. This included understanding headroom at the relevant covenant check points and validating that the forecasts were consistent with the latest Board approved budgets.
- Performed detailed enquiries and challenge of the Board and management on the reasonableness of the assumptions made in the preparation of these forecasts. This included drawing comparisons to actual results achieved in the year, including challenging any significant one-off items or changes in revenue or cash conversion metrics.
- We assessed management's calculations in arriving at the liquidity headroom in their severe but plausible scenario.
- We reviewed the Directors' assessment of actions available to the Group to preserve cash in the event of their severe but plausible scenario in the going concern period and challenged management on the ease with which these mitigations could be accessed.
- We have stress tested the model by taking the Directors' severe but plausible scenario and applying more severe changes in the trading, removing certain of the cash preservation actions which we consider more difficult to access and removing the benefit of the uncommitted overdraft from the liquidity assessment.
- We assessed the historical forecasting accuracy and future assumptions by comparing these to the underlying support and third-party data.
- We also considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and severe but plausible test assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment regulation and the AIM rules for companies, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, Pension Schemes Act and UK and Overseas tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate revenue and/or profits and management bias in significant accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, the Company Secretary and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Assessment of matters reported on the group's whistleblowing helpline, and the results of management's investigation of such matters;
- Review minutes of meetings of those charged with governance;
- Identification and testing of journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewed sub-component representation letters and evaluated if any responses or findings warranted further audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report continued
to the members of IG Design Group plc

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Daniel Brew

(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Milton Keynes

24 June 2024

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:			
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.

Consolidated statement of changes in equity continued

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 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 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

Consolidated balance sheet continued

As at 31 March 2024

	Note	2024 $000	Restated[(a)] 2023 $000	Restated[(a)] 2022 $000
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 on pages 105 to 152 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

	Note	2024 $000	2023 $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 statements are prepared under the historical cost convention except for derivative financial instruments which are measured at fair value and defined benefit pension plans where plan assets are measured at fair value and obligations are valued in accordance with IAS 19 Employee Benefits.

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.

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. 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 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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

1 Accounting policies continued

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

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.

Notes to the consolidated financial statements continued
Year ended 31 March 2024

1 Accounting policies continued
j. Lease liabilities and lease right-of-use assets continued
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).

Notes to the consolidated financial statements continued
Year ended 31 March 2024

1 Accounting policies continued
s. Pensions continued
(ii) Defined benefit schemes continued
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).

Notes to the consolidated financial statements continued

Year ended 31 March 2024

1 Accounting policies continued

aa. Like-for-like comparators continued

Accounting estimates continued

(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] $000	DG International $000	Central and eliminations $000	Group $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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

2 Segmental information continued

	DG Americas[(a)] $000	DG International $000	Central and eliminations $000	Group $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.
(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	
	2024 $000	Restated[(b)] 2023 $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 $000	2023 $000	2024 %	2023 %
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**

Notes to the consolidated financial statements continued

Year ended 31 March 2024

3 Operating expenses and adjusting items continued

Adjusting items continued

Year ended 31 March 2023	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]	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

Notes to the consolidated financial statements continued

Year ended 31 March 2024

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 (pages 91 to 93), which forms part of these 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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

8 Property, plant and equipment

	Land and buildings					
	Freehold $000	Leasehold $000	Plant and equipment $000	Fixtures and fittings $000	Motor 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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

9 Intangible assets continued

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

Notes to the consolidated financial statements continued

Year ended 31 March 2024

10 Right-of-use assets and lease liabilities continued

Movement in lease liabilities continued

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 $000	2023 $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 $000	2023 $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:

	2024 $000	2023 $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 $000	Tax losses carried forward $000	Share-based payments $000	Doubtful debts $000	Other timing differences[a] $000	Total $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 $000	Tax losses carried forward $000	Share-based payments $000	Doubtful debts $000	Other timing differences[(a)] $000	Total $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 $000	2023 $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.

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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

12 Inventory

	2024 $000	2023 $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 $000	2023 $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 $000	2023 $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 $000	2023 $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 $000	2023 $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)

Notes to the consolidated financial statements continued

Year ended 31 March 2024

15 Loans and borrowings continued

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 $000	2023 $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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

17 Provisions

	Property $000	Restated[(a)] Duties, interest and penalties $000	Other $000	Restated[(a)] Total $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 $000	Restated[(a)] 2023 $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 $000	2023[a] $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
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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

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 $000	2023 $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 $000	2023 $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 $000	2023 $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).

Notes to the consolidated financial statements continued

Year ended 31 March 2024

23 Employee benefits continued

Post-employment benefits continued

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

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

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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

23 Employee benefits continued

Vested LTIP schemes – outstanding options continued

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 $000	2023 $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 $000	Provisions for doubtful debts $000	Expected loss rate %	Gross $000	Provisions for doubtful debts $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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

24 Financial instruments continued

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 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:

Forward exchange contracts carrying amount	**2024 $000**	2023 $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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

24 Financial instruments continued

e) Market risk continued

Financial risk management continued

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 $000	2023 $000	**2024 $000**	2023 $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 $000	2023 $000	**2024 $000**	2023 $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:

Variable rate instruments	Note	2024 $000	2023 $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 $000	2023 $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	
	Note	2024 $000	Restated[(a)] 2023 $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.

Notes to the consolidated financial statements continued

Year ended 31 March 2024

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 $000	2023 $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 on page 94.

Directors' remuneration

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

See the Directors' remuneration report on pages 86 to 93 for more detail.

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**

Notes to the consolidated financial statements continued
Year ended 31 March 2024

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.

Company balance sheet

As at 31 March 2024

	Note	2024 $000	2023 $000
Fixed assets			
Intangible assets	2	—	—
Tangible assets	3	134	132
Investments	4	209,401	208,724
Deferred tax	5	—	—
Total non-current assets		209,535	208,856
Current assets			
Debtors – due within one year	6	7,066	2,658
Debtors – due after more than one year	7	26,849	26,849
Cash at bank and in hand	8	56,474	22,746
Total current assets		90,389	52,253
Creditors: amounts falling due within one year	9	(52,334)	(21,351)
Net current assets		38,055	30,902
Total assets less current liabilities		247,590	239,758
Creditors: amounts falling due after more than one year	10	647	—
Net assets		248,237	239,758
Capital and reserves			
Called up share capital	11	4,914	4,900
Share premium account		172,383	172,383
Capital redemption reserve		1,340	1,340
Merger reserve		32,399	32,399
Hedging reserve		33	(226)
Profit and loss account		37,168	28,962
Total equity		248,237	239,758

IG Design Group plc is registered in England and Wales, number 1401155.

The Company made a profit in the year of £7.1 million (2023: £11.3 million).

The financial statements on pages 153 to 167 were approved by the Board of Directors on 24 June 2024 and were signed on its behalf by:

Rohan Cummings
Director

Company statement of changes in equity

Year ended 31 March 2024

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Cash flow hedging reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2022	4,853	172,383	1,340	32,399	227	17,181	228,383
Profit for the year	—	—	—	—	—	11,276	11,276
Other comprehensive expense	—	—	—	—	(453)	—	(453)
Total comprehensive income	—	—	—	—	(453)	11,276	10,823
Transactions with owners in their capacity as owners							
Equity-settled share-based payments	—	—	—	—	—	144	144
Share options charge relating to subsidiary employees (note 4)	—	—	—	—	—	408	408
Options exercised	47	—	—	—	—	(47)	—
At 31 March 2023	4,900	172,383	1,340	32,399	(226)	28,962	239,758
Profit for the year	—	—	—	—	—	7,081	7,081
Other comprehensive income	—	—	—	—	259	—	259
Total comprehensive income	—	—	—	—	259	7,081	7,340
Transactions with owners in their capacity as owners							
Equity-settled share-based payments	—	—	—	—	—	448	448
Share options charge relating to subsidiary employees (note 4)	—	—	—	—	—	691	691
Options exercised	14	—	—	—	—	(14)	—
At 31 March 2024	4,914	172,383	1,340	32,399	33	37,168	248,237

Within the profit and loss account is a cumulative credit amount of £5.5 million (2023: £4.8 million) which is unrealised in respect of share options granted to subsidiary employees. See the consolidated statement of changes in equity for descriptions of reserves.

Notes to the company financial statements

Year ended 31 March 2024

1 Accounting policies – Company

a. Basis of preparation

IG Design Group plc (the 'Company') is a company limited by shares and incorporated and domiciled in England and Wales, UK.

The Company financial statements present the information about the Company as a separate entity.

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The Company is applying Sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments. The presentation and functional currency of these financial statements is pound sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity under paragraph 1.12(b) of FRS102 and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows: and
- from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein.

Measurement convention

The financial statements are prepared on the historical cost basis except for the recognition of certain financial assets and liabilities measured at fair value.

Going concern

See note 1 to the Group accounting policies on pages 112 to 120. Based on the financial performance of the Group, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for at least twelve months from the date of signing these financial statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b. 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 pound sterling at the exchange rate prevailing at that date and recognised in the income statement unless hedge accounting criteria apply (see policy for financial instruments).

c. Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other debtors are subsequently reviewed for recoverability and impairment with any losses taken to profit and loss immediately. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Trade and other payables

Trade and other payables are stated at their nominal value which is considered to be their fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest, less direct arrangement costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the company financial statements continued

Year ended 31 March 2024

1 Accounting policies – Company continued

d. Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

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 Company's cash management are included as a component of cash and cash equivalents in the cash flow statement.

f. Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except that hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement of fair value is recognised immediately in profit or loss, except where it qualifies for hedge accounting.

g. Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Company discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

h. Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software 3-5 years

i. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Fixtures and fittings 3-16 years

j. Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

k. Leases

Where the Company enters into a lease which does not entail taking substantially all the risks and rewards of ownership of an asset, the lease is accounted for as an 'operating lease' and the rentals payable are charged to the profit and loss account on a straight-line basis over the life of the lease.

l. 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.

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.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiaries' financial statements, with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in the subsidiary. If the amount recharged exceeds the increase in the cost of investment, the excess is recognised as a dividend to the extent that it reflects post-acquisition profits of the subsidiary.

m. Own shares held by the Employee Benefit Trust

Transactions of the Group-sponsored Employee Benefit Trust are included in the Group financial statements. In particular, the Trust's purchases and sales of shares in the Company are debited and credited directly to equity.

n. Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

o. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income accordingly.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

p. Employee benefits

Pensions

The Company operates a defined contribution personal pension scheme. The assets of this scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund.

Key accounting judgements and estimates

Assessment of Impairment of Investments

In preparing the financial statements, management is required to make judgements and estimates that affect the reported amounts of assets, liabilities, income, and expenses. One of the key areas of judgement is the assessment of whether there are any indicators of impairment, or reversal of impairment, of our investments.

Management has performed an assessment as of 31 March 2024 and concluded that there are no triggers for impairment, or reversal impairment of the Company's investments. This conclusion is based on factors such as market conditions, environmental changes, market interest rates, economic performance, and other relevant indicators.

Notes to the company financial statements continued

Year ended 31 March 2024

2 Intangible assets

Software	2024 £000	2023 £000
Cost		
Balance at 1 April	—	86
Disposal	—	(86)
Balance at 31 March	—	—
Accumulated amortisation and impairment		
Balance at 1 April	—	(86)
Amortisation charge for the year	—	—
Disposal	—	86
Balance at 31 March	—	—
Net book value at 31 March	—	—

3 Tangible assets

Fixtures and fittings	2024 £000	2023 £000
Cost		
Balance at 1 April	175	277
Additions	21	55
Disposals	—	(157)
Balance at 31 March	196	175
Accumulated depreciation and impairment		
Balance at 1 April	(43)	(187)
Depreciation charge for the year	(19)	(13)
Disposals	—	157
Balance at 31 March	(62)	(43)
Net book value at 31 March	134	132

4 Investments

	Shares in Group undertakings £000	Loans to Group undertakings £000	Total £000
Cost			
At 1 April 2022	210,106	5,786	215,892
Additions – share option charge relating to subsidiary employees	408	—	408
Effects of movement in foreign exchange	—	358	358
At 31 March 2023	210,514	6,144	216,658
Additions – share option charge relating to subsidiary employees	691	—	691
Effects of movement in foreign exchange	—	(14)	(14)
At 31 March 2024	**211,205**	**6,130**	**217,335**
Provisions			
At 1 April 2022	(1,449)	—	(1,449)
Impairment	(1,096)	(5,389)	(6,485)
At 31 March 2023 and 31 March 2024	**(2,545)**	**(5,389)**	**(7,934)**
Net book value			
At 31 March 2024	**208,660**	**741**	**209,401**
At 31 March 2023	207,969	755	208,724

Impairment

In the prior year an impairment of £6.5 million was recognised against the investments in IG Design Group UK Limited (£1.1 million) and International Greetings Asia Limited (£5.4 million). The combination of lower forecast expectation of the UK and Asia, following the weakening in the UK market in the last quarter of the year, and the significant increase in the discount rate resulted in an impairment of the UK and Asia investments. Given the intrinsic link between the UK and Asia entities, the weakening of the UK market impacted the investments in both markets.

The Directors have assessed whether there are any indicators of impairment, or reversal of impairment, and have not identified any such indicators.

The Company has the following investments in subsidiaries:

	Country of incorporation	Percentage of ordinary shares held 2024	Percentage of ordinary shares held 2023
Trading companies			
Anchor International BV Registered office: Voltastraat 12, 3281 NG Numansdorp, The Netherlands	Netherlands	100[(a)]	100[(a)]
Anker Play Products, LLC Registered office: 5555 Glenridge Connector, Suite 300, Atlanta, GA 30342, USA	USA	100[(a)]	100[(a)]
Berwick Management LLC Registered office: Bomboy Lane & Ninth Street, Berwick, PA 18603, USA	USA	100[(a)]	100[(a)]
Berwick Offray Hong Kong Limited Registered office: 31/F., 148 Electric Road, North Point, Hong Kong	Hong Kong	100[(a)]	100[(a)]
Berwick Offray LLC Registered office: 2015 West Front Street, Berwick, Pennsylvania 18603, USA	USA	100[(a)]	100[(a)]
BOC Distribution Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
British Trimmings Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
C.R. Gibson, LLC Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
C.R. Gibson Pacific Rim Limited Registered office: 31/F., 148 Electric Road, North Point, Hong Kong	Hong Kong	100[(a)]	100[(a)]
CRG Distribution, Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
CSS Industries, Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
Greetings Ningbo Business Consulting Limited Registered office: 13-8, Building 003, No 3, 5 and 6 of Century Oriental Business Plaza, Yinzhou, Ningbo, China	China	100[(a)]	100[(a)]

Notes to the company financial statements continued

Year ended 31 March 2024

4 Investments continued

Impairment continued

	Country of incorporation	Percentage of ordinary shares held 2024	Percentage of ordinary shares held 2023
Trading companies			
IG Design Group Sourcing Limited (formerly CSS Pacific Rim Limited) Registered office: 31/F., 148 Electric Road, North Point, Hong Kong	Hong Kong	100[(a)]	100[(a)]
IG Design Group Americas, Inc Registered office: 5555 Glenridge Connector, Suite 300, Atlanta, GA 30342, USA	USA	100	100
IG Design Group Australia Pty Limited Registered office: 121 Rayhur Street, Clayton, South Victoria 3169, Australia	Australia	50	50
IG Design Group BV Registered office: Industrieweg 62, 7903 AK Hoogeveen, The Netherlands	Netherlands	100[(a)]	100[(a)]
IG Design Group UK Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100	100[(b)]
IG Design Group S.p.z.o.o Registered office: Jędrzychowice 116A, 59-900 Zgorzelec, Poland	Poland	100[(a)]	100[(a)]
India Trimmings Private Limited Registered office: Tamil Nadu, Coimbatore, India	India	100[(a)]	100[(a)]
International Greetings Asia Limited Registered office: 20/F, Times Media Centre, No. 133 Wanchai Road, Hong Kong	Hong Kong	100	100
Impact Innovations, Inc Registered office: 233 SE 1st Avenue, Clara City, Minnesota 5622, USA	USA	100[(a)]	100[(a)]
Impact Innovations Asia Limited Registered office: Flat 11A, Eldex Industrial Building, 21 Ma Tam Wai Road, To Kwa Wan Kowloon, Hong Kong	Hong Kong	100[(a)]	100[(a)]
Lion Ribbon Company, LLC Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
McCall Distribution, Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
McCall Pattern Company Limited Registered office: 1 Coronation Point, Coronation Street, Stockport, Cheshire, SK5 7PL , UK	Great Britain	100[(a)]	100[(a)]
Paper Magic Group, LLC (formerly Paper Magic Group, Inc) Registered office: 54 Glenmaura National Blvd., Suite 200, Moosic, Pennsylvania 18507, USA	USA	100[(a)]	100[(a)]
Paper Magic Distribution, Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
Paper Magic Group (Hong Kong) Limited Registered office: 31/F., 148 Electric Road, North Point, Hong Kong	Hong Kong	100[(a)]	100[(a)]
Simplicity Creative Corp Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
Simplicity Limited Registered office: PO Box 367, Coronation Street, Stockport, Cheshire, SK5 7WZ, UK	Great Britain	100[(a)]	100[(a)]
Simplicity Pty Limited Registered office: Derham Houston Lawyers, Suite 12 Level 12, 37 Bligh Street, Sydney NSW 2000, Australia	Australia	100[(a)]	100[(a)]

	Country of incorporation	Percentage of ordinary shares held 2024	Percentage of ordinary shares held 2023
Trading companies			
The Huizhou Gift International Greetings Company Limited Registered office: Fuda Industrial Zone, Futian Town, Boluo, Huizhou City, Guangdong, China	China	100[(a)]	100[(a)]
The Lang Companies, Inc Registered office: 5555 Glenridge Connector, Suite 300, Atlanta, GA 30342, USA	USA	100[(a)]	100[(a)]
The McCall Pattern Company Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
Wrights Commercial (Shanghai) Co Limited Registered office: Unit E, 12th Floor, Building 1 N, 107, South Zhongshan Er Road, Xuhui District, Shanghai, China	China	100[(a)]	100[(a)]

	Country of incorporation	Percentage of ordinary shares held 2024	Percentage of ordinary shares held 2023
Non-trading and dormant companies			
Anker International plc Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Britesparks Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100	100
British Trimmings (1997) Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
British Trimmings (Leek) Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
British Trimmings (Reddish) Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
Concorde Industries Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Copywrite Designs Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100	100
Credit Collection Consultants Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Dominion Simplicity Patterns Limited 5240 Finch Avenue East, Scarborough, Ontario M1S5A2, Canada	Canada	100[(a)]	100[(a)]
Hoopack Hoogeveen BV Registered office: Industrieweg 62, 7903 AK Hoogeveen, The Netherlands	Netherlands	100[(a)]	100[(a)]
Howard Industries Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
IG Design Group (Lang), Inc Registered office: 5555 Glenridge Connector, Suite 300, Atlanta, GA 30342, USA	USA	100[(a)]	100[(a)]
IG Design Group Europe BV Registered office: Industrieweg 62, 7903 AK Hoogeveen, The Netherlands	Netherlands	100[(a)]	100[(a)]
IG Employee Share Trustee Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(b)]	100[(b)]

Notes to the company financial statements continued

Year ended 31 March 2024

4 Investments continued

Impairment continued

	Country of incorporation	Percentage of ordinary shares held 2024	Percentage of ordinary shares held 2023
Non-trading and dormant companies			
Impact Paper Products, LLC Registered office: 233 SE 1st Avenue, Clara City, Minnesota 5622, USA	USA	100[(a)]	100[(a)]
Impact Paper Hong Kong Limited Registered office: Flat 11A, Eldex Industrial Building, 21 Ma Tam Wai Road, To Kwa Wan Kowloon, Hong Kong	Hong Kong	–[(c)]	100[(a)]
LR Texas Corp Registered office: 350 North St. Paul Street, Suite 2900, Dallas, Texas 75201, USA	USA	100[(a)]	100[(a)]
McCall Pattern Service NZ Limited Registered office: Simpson Grierson, 88 Shortland Street, Auckland Central, New Zealand	New Zealand	100[(a)]	100[(a)]
McCall Pattern Service Pty Limited Registered office: Derham Houston Lawyers, Suite 12 Level 12, 37 Bligh Street, Sydney NSW 2000, Australia	Australia	100[(a)]	100[(a)]
Paper Magic de Mexico, SA de CV No registered address	Mexico	100[(a)]	100[(a)]
Polaris Plastics Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Philadelphia Industries, LLC (formerly Philadelphia Industries, Inc) Registered office: 1105 North Market Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]
School Supplyline Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Scoop Designs Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Simplicity Creative Group Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
Tom Smith Christmas Crackers Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Tom Smith Crackers Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100	100
Tom Smith Group Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(b)]	100[(b)]
Tom Smith Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100	100
Tom Smith Online Limited Registered office: Howard House, Howard Way, Newport Pagnell, MK16 9PX, UK	Great Britain	100[(a)]	100[(a)]
Variety Accessories, LLC Registered office: 233 SE 1st Avenue, Clara City, Minnesota 5622, USA	USA	100[(a)]	100[(a)]
Weltec BV Registered office: Industrieweg 62, 7903 AK Hoogeveen, The Netherlands	Netherlands	100[(a)]	100[(a)]
Wendy A. Cushing Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
Wendy Cushing Trimmings Limited Registered office: 1 Coronation Point, Coronation Street, South Reddish, Stockport, Cheshire, SK5 7PL, UK	Great Britain	100[(a)]	100[(a)]
W.J.S. Furniture, Inc Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	USA	100[(a)]	100[(a)]

(a) Indirect holding.

(b) 50% direct / 50% indirect holding.

(c) Impact Paper Hong Kong Limited was deregistered on 9 September 2022

Class of shares held are ordinary shares for companies incorporated in Great Britain or the equivalent for the overseas subsidiaries.

Concorde Industries Limited and Credit Collection Consultants Limited are dormant companies that have never traded and both have net assets of £2.

For the year ended 31 March 2024, the Company was entitled to exemption from audit under Section 479A of the Companies Act relating to qualifying subsidiaries. IG Design Group UK Limited, British Trimmings Limited, McCall Pattern Company Limited and Simplicity Limited have not required the Company to obtain an audit of their accounts for the year in question in accordance with Section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

5 Deferred tax

Deferred tax assets have not been recognised as a result of the assessment of future taxable profits (which is as a result of the growing costs in the Company) against which the asset could unwind. This position continues in the current year and so deferred tax assets have not been recognised on current year tax losses.

There are gross negative temporary differences of £46,000 (2023: £129,000) and unused tax losses, with no expiry date, of £17.6 million (2023: £15.5 million) on which deferred tax assets have not been recognised.

The standard rate of corporation tax has risen to 25% from 1 April 2023. Given that no deferred tax is recognised in the UK, this does not impact the deferred tax measured at the balance sheet date.

A deferred tax charge of £nil (2023: £nil) has been recognised through the income statement and £nil (2023: £nil) recognised through the statement of changes in equity. There are no deferred tax balances with respect to cash flow hedges.

6 Debtors – due within one year

	2024 £000	2023 £000
Amounts owed by Group undertakings[a]	6,807	2,085
Financial assets designated at fair value through hedging reserve	54	15
Loan arrangement fees	–	202
Prepayments and accrued income	205	356
	7,066	2,658

(a) The amounts owed by Group undertakings are unsecured, do not attract interest and are subject to terms between seven and 30 days.

7 Debtors – due after more than one year

	2024 £000	2023 £000
Amounts owed by Group undertakings[a]	26,849	26,849

(a) The intercompany loan is with IG Design Group UK Limited and is unsecured, attracts interest at 7% and is repayable on 31 July 2025.

8 Cash at bank and in hand

	2024 £000	2023 £000
Cash at bank and in hand	56,474	22,746
Bank overdrafts	(49,080)	(17,705)
Net cash	7,394	5,041

Notes to the company financial statements continued

Year ended 31 March 2024

9 Creditors: amounts falling due within one year

	Note	2024 £000	2023 £000
Bank loans and overdrafts	8	49,080	17,705
Loan arrangement fees		(555)	—
Trade creditors		64	1,099
Amounts owed to Group undertakings[a]		494	201
Other taxation and social security		103	93
Accruals		3,148	2,253
		52,334	21,351

(a) The amounts owed to Group undertakings are unsecured, do not attract interest and are subject to terms between seven and 30 days.

Refer to note 15 of the Group's financial statements for more details of the terms of the bank borrowings.

10 Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Loan arrangement fees	(647)	—

11 Called up share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
98,279,870 (2023: 97,993,406) ordinary shares of 5p each	4,914	4,900

Of the 98.3 million (2023: 98.0 million) shares in the Company, 3.0 million (2023: 1.0 million) are held by the Employee Benefit Trust.

Refer to note 20 of the Group's financial statements for details of movements in share capital.

12 Share-based payments

Refer to note 23 of the Group's financial statements for details of share-based payments.

13 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2024 £000	2023 £000
Assets measured at fair value through the hedging reserve	54	15
Assets measured at amortised cost	90,130	51,680
Liabilities measured at fair value through the hedging reserve	(21)	(250)
Liabilities measured at amortised cost	(49,638)	(19,005)
	40,525	32,440

(b) Financial instruments measured at fair value

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.

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models, which is in line with when they are expected to affect profit and loss.

	2024			2023		
	Carrying amount £000	Expected cash flows £000	One year or less £000	Carrying amount £000	Expected cash flows £000	One year or less £000
Forward exchange contracts:						
Assets – forward exchange contracts carried at fair value through the income statement	–	–	–	14	(347)	(347)
Assets – forward exchange contracts carried at fair value through the hedging reserve	54	6,743	6,743	1	400	400
Liabilities – forward exchange contracts carried at fair value through the income statement	–	–	–	(23)	356	356
Liabilities – forward exchange contracts carried at fair value through the hedging reserve	(21)	3,140	3,140	(227)	13,967	13,967
	33	9,883	9,883	(235)	14,376	14,376

The Company uses cash flow hedge accounting in line with FRS 102.12, by entering into forward exchange contracts to hedge foreign exchange exposure. Fair value at 31 March 2024 was £33,000 net credit (2023: £226,000 net expense) recognised in other comprehensive income.

The amount recognised in the profit and loss account for the year was £nil (2023: £9,000).

(d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2024 £000	Fair value 2023 £000
Forward exchange contracts:		
Assets	54	15
Liabilities	(21)	(250)
	33	(235)

14 Contingencies

On 5 June 2023 the Group entered into new banking facilities. The new ABL is secured with an all-assets lien on all existing and future assets for the loan parties. See note 15 of the Group's financial statements for further details of the new facility and the loan parties.

The Company has given HSBC Bank (China) Company Ltd a guarantee of RMB 14 million (£1.5 million) (2023: RMB 15.4 million) on behalf of its subsidiary, The Huizhou Gift International Greetings Company Limited.

The Company has given HSBC UK guarantees of $2.2 million (£1.7 million) (2023: $3.8 million) on behalf of its subsidiary The Huizhou Gift International Greetings Company Limited, $1.7million (£1.3 million) (2023: $18.5million) on behalf of its subsidiary International Greetings Asia Limited and €1.2 million (£1.0 million) (2023: €1.2 million) on behalf of its subsidiaries in the Netherlands.

The Company provided a guarantee to the Atlantic Specialty Insurance Company in the USA of $1.9 million (£1.5 million) and CAD 229,000 (£134,000) on behalf of the Group's trading subsidiaries in those countries.

Notes to the company financial statements continued
Year ended 31 March 2024

15 Related parties
Identity of related parties with which the Company has transacted:

Group undertakings:

- IG Design Group UK Limited;
- IG Design Group Americas, Inc;
- Impact Innovations Asia Limited;
- Simplicity Limited;
- Simplicity Pty Limited;
- India Trimmings Private Limited;
- International Greetings Asia Limited;
- The Huizhou Gift International Greetings Company Limited;
- IG Design Group BV;
- Anchor International BV;
- IG Design Group S.p.z.o.o; and
- IG Design Group Australia Pty Limited.

Related party transactions – transactions with key management

	2024 £000	2023 £000
Short-term employee benefits	2,062	2,628
Share-based charge	296	186
Aggregate emoluments	2,358	2,814

Related party transactions – transactions with Group undertakings

	2024 £000	2023 £000
Management recharges	2,633	2,374
Receivables outstanding (notes 6 and 7)	33,656	28,934
Creditors outstanding (note 9)	(494)	(201)

16 Accounting estimates and judgements
Management does not consider that there are any significant accounting judgements. Accounting estimates include:

(i) Taxation
There are many transactions and calculations for which the ultimate tax determination is uncertain. Estimates are required in determining the Group's tax assets and liabilities. Deferred tax assets are recognised to the extent that they are recoverable based on profit projections for future years. Management make a judgement in respect of the length of future cash flows against which to assess the future taxable profits and this aligns to other assessments that use similar forecasts including impairment. Income tax liabilities for anticipated issues have been recognised based on estimates of whether additional tax will be due.

(ii) Investments
The recoverable amounts of the investments are determined based on the higher of net realisable value and value in use calculations, which requires the use of estimates. The key estimates that can impact the value in use calculations are changes in the growth rates applied into perpetuity, or a movement in the discount rate applied to the future cash flows. These are key estimates as they are subjective in nature and a significant assumption is required and any changes to assumptions may lead to changes in the outcome of impairment assessments performed.

17 Dividends paid and proposed

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

18 Staff numbers and costs

The average monthly number of persons employed by the Company (including Directors) during the year was 15 (2023: 15), all relating to management and administration.

The aggregate payroll costs of these persons were as follows:

	2024 £000	2023 £000
Wages and salaries	3,400	2,564
Share-based payments	484	245
Social security costs	272	362
Other pension costs	122	99
	4,278	3,270

For information on Directors' remuneration please refer to the section titled 'Directors' remuneration' within the Directors' remuneration report (pages 91 to 93), which forms part of these audited financial statements.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2024 £000	2023 £000
Less than one year	6	6
Between one and five years	6	7
	12	13

Operating lease expense in the income statement	6	8

Advisers

Registered office
Howard House
Howard Way
Interchange Park
Newport Pagnell
MK16 9PX

IG Design Group plc is registered in England and Wales, number 1401155

Visit us online at **thedesigngroup.com**

Financial and nominated adviser and broker
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Independent auditors
PricewaterhouseCoopers LLP
Exchange House
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

Public relations
Alma PR
71-73 Carter Lane
London EC4V 5EQ

Share registrar
Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

By phone:
UK – 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

By email: enquiries@linkgroup.co.uk

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC® C014531

This report is printed on Symbol Satin, manufactured using FSC® certified and other controlled material with a high content of recycled material (minimum quantity guaranteed 40%). Carbon Balanced with the World Land Trust, an international conservation charity, who offset emissions through the purchase and preservation of high conservation value land.

It is manufactured in accordance with ISO certified standards for environmental, quality and energy management.

Printed by L&S using vegetable-based inks and is certified carbon neutral for scope 1&2 under the PAS 2060 standard.

Designed and produced by
lyonsbennett
www.lyonsbennett.com

WORLD LAND TRUST™

design group

IG Design Group plc
Howard House
Howard Way
Interchange Park
Newport Pagnell MK16 9PX
T +44 (0)1525 887 310