EMBARGOED UNTIL 26th NOVEMBER 2024

IG Design Group PLC

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

Results for the six months ended 30 September 2024

IG Design Group plc, one of the world's leading designers, innovators and manufacturers across various celebration and creative categories announces its unaudited results for the six months ended 30 September 2024 ('the period').

Financial highlights for the six months ended 30 September 2024:

Financial Highlights	HY2025	HY2024
Revenue	$393.1m	$444.1m
Adjusted[(a)]		
Operating profit	$14.7m	$38.2m
Profit before tax	$13.3m	$34.8m
Diluted earnings per share	11.2c	25.0c
Reported		
Operating profit	$7.1m	$37.5m
Profit before tax	$5.7m	$34.1m
Diluted earnings per share	4.1c	24.4c
Net cash/(debt) as at the period end	$7.4m	$(15.1)m

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

- Group revenue decline mainly impacted by previously communicated trends of a competitive US retail environment experiencing subdued consumer sentiment along with some timing
- Lower profits driven primarily by reduced revenue coupled with ongoing material cost headwinds; with initiatives underway to improve profitability in the second half of the year
- Adjusting items totalling $7.6 million (HY2024: $0.7 million) relate to the closure of the China manufacturing site and restructuring in DG Americas
- Net cash of $7.4 million is a significant year-on-year improvement, with continued strong cash management

Operational & strategic highlights:
- Transformation of the Group continues, with particular focus on the DG Americas division
- DG Americas CEO recruitment progressing well
- Closure of in-house China operations well underway with seasonal manufacturing successfully completed and orders shipped on schedule
- Broader roll-out of our "shrink-free" Smartwrap™ innovation, resulting in a reduction of 29 tonnes of plastic in the period
- Increased focus on bringing value to our categories through licencing and branding, as well as the online channel
- Strategic investment in new bag-making capabilities in Europe now operational, supporting customer demand for near-shoring solutions
- Developing supplier networks in Mexico and India

Outlook
- Remain on track to return adjusted operating profit margins to proforma pre-pandemic levels of at least 4.5% in FY2025
- Business simplification, efficiency and cost-saving initiatives will drive profit recovery in H2 such that we expect to deliver a profit in that period, compared to a loss in that period last year
- The challenging market conditions and retail trends experienced in the period are expected to continue in H2
- It is too early to comment on what impact, positive or negative, any future changes in international trade tariffs resulting from the incoming US administration will have on the Group

Stewart Gilliland, Chair, commented:

"Our focus on our path to growth remains steadfast, being a strategy of winning with the winning retailers and reducing the complexity across our business. We have made good progress throughout our turnaround, particularly as we remain on track to return margins to pre-pandemic levels, and although the broader conditions have perhaps become more difficult, our ambition has not abated.

The challenging macroeconomic backdrop has undoubtably impacted the confidence of retailers, but we are focused on navigating this landscape by prioritising the essentials of improved delivery, increased collaboration and price competitiveness, to a strong customer base with who we have longstanding relationships.

Whilst the economic landscape remains uncertain, we continue to strengthen our business model to better withstand market challenges and this, coupled with our strong customer relationships and the commitment of our team, continue to fill me with confidence that we will deliver profit growth.

I would like to extend my gratitude to my colleagues, whose hard work has been essential in helping to drive the Group forward and continuing to advance on our turnaround journey."

For further information, please contact:

IG Design Group plc Paul Bal, Chief Executive Officer Rohan Cummings, Chief Financial Officer	Tel: +44 (0)1525 887310
Canaccord Genuity Limited (Nomad and Broker) Bobbie Hilliam Harry Pardoe	Tel: +44 (0)20 7523 8000
Alma Strategic Communications Rebecca Sanders-Hewett Sam Modlin Josh Royston	Tel: +44 (0)20 3405 0205 designgroup@almastrategic.com

Overview

In the first half of the year, the Group experienced an 11% decline in **revenue** driven by the previously communicated subdued consumer demand, which resulted in cautious retailer ordering across some key markets, predominantly in the US, and somewhat in the UK and Australia. Alongside this, prudent trading decisions have been made in the US market when working with customers that posed increased credit risk. These factors, coupled with some markedly increased costs over the period, such as freight, resulted in a 62% drop in **adjusted operating profit** to $14.7 million. **Revenue** in DG Americas declined 14%, across both seasonal and everyday categories, while DG International declined 6%, with growth in continental Europe offsetting softening in the UK and Australia markets.

Despite these pressures, operational improvements are underway which will deliver further benefits and margin improvements in the second half of the year, with key strategic initiatives, such as the cessation of in-house manufacturing in China and a restructuring in DG Americas, beginning to take effect. The second half of the year should also see some softening in freight costs.

Net cash continues to be strong, and the Group has been cash positive for the entire six month period. Cash balances have also exceeded prior year levels, reflecting another period of strong cash management. The Group expects to end the year in a strong net cash position.

Many of our teams and our customers have had to work through some very challenging market conditions, as many consumers still struggle with higher costs of living, higher interest rates and higher tax burdens over the period. It is a testament to our teams and their high level of engagement with, and dedication to the business that the Group is able to better able to navigate this environment.

Outlook

This is our third year of the Group's three-year turnaround journey and despite some of the markets we operate in becoming much tougher than when that journey began, we remain confident that we can restore adjusted operating profit margin to the Board's aspiration of at least the 4.5% that was the proforma pre-pandemic margin following the acquisition of CSS in March 2020, by the end of the year. This represents continued strong year-on-year improvement in both profit and cash flow compared to the prior financial year, albeit towards the lower end of the Board's profit expectations set at the start of the year.

We continue to progress on our strategy, building the capabilities that our customers value, which will give us competitive advantage and deliver sustainable profitable revenue growth. However, we must continue with reducing complexity that does not provide commensurate returns. The goal remains of creating a more resilient business model that can better withstand market challenges. Business model simplification, efficiency and cost-saving initiatives across the Group, especially in DG Americas, will drive profit recovery in the second half of the year such that we expect to deliver a profit in that period, compared to a loss in that period last year.

The economic and geo-political backdrop remains fragile and uncertain in some of our key markets, especially the US, with consumer sentiment understandably subdued, resulting in a very competitive retail environment. This is prompting us to remain cautious in how we manage our exposures. However, we remain encouraged and confident that our strategy of winning with the winning retailers is the right one. Our orderbook stands at 84% at October 2024 (86% at this stage last year) which reflects the delayed ordering from customers in the uncertain market conditions. Despite the slightly reduced orderbook this year, we remain confident in the strength of our partnership with the winning retailers. Our strong, longstanding relationships with our customers, along with price competitiveness, increased collaboration and improved service are key to navigating the challenges faced as a result of this uncertain landscape.

During and since the recent US presidential elections, there has been much speculation and press coverage on the subject of international trade tariffs. It is not yet clear how the tariff regime in the US will change, nor how other countries will respond to any changes. Therefore, the Board cannot yet comment on how this will affect our future trading. As a domestic manufacturer of a number of categories there may be some positive impact that offsets any potential inflationary consequences. As the incoming new US Government's plans are communicated, we will then be in a position to evaluate the opportunities and risks that any changing tariffs will present.

The Group has reviewed the implications of the recent budget announcement by the UK Government. As part of its forecasting, the Board anticipated some of the changes that were announced such as the increase in the National Minimum Wage. The reduction in the National Insurance threshold was not anticipated, and when combined with the rise in the employers' National Insurance rate to 15% the effect is to add c.$0.7 million to the Group's annual operating costs from next year.

Regional highlights

Revenue in the period declined 11% reflecting the continuation of trends seen last year including lower consumer demand leading to reduced ordering by our retail customers, as well as our careful management of our credit risk exposure to some customers. This decrease in **revenue**, coupled with increased sourcing, manufacturing and freight costs resulted in an **adjusted operating profit** decline of 62% to $14.7 million. The split between our DG Americas and DG International divisions is as follows:

			Segmental Revenue			Adjusted Operating Profit/ (Loss)			Adjusted Operating Margin	
% Group revenue			HY2025	HY2024	% growth	HY2025	HY2024	% growth	HY2025	HY2024
62%	DG Americas	$m	**241.8**	282.4	(14)%	**1.7**	16.6	(90)%	**0.7%**	5.9%
38%	DG International	$m	**151.3**	161.7	(6)%	**16.9**	25.3	(33)%	**11.2%**	15.7%
	Elims / Central costs	$m	**-**	-		**(3.9)**	(3.7)	-		
100%	**Total**	**$m**	**393.1**	444.1	**(11)%**	**14.7**	38.2	**(62)%**	**3.7%**	**8.6%**

Design Group Americas

The DG Americas division, which makes up 62% of Group **revenue**, continued to face revenue challenges during the period, with a 14% **revenue** decline to $241.8 million (HY2024: $282.4 million). This decrease is driven by reduced demand across both seasonal and everyday categories as our retail customers ordered more cautiously in light of the economic backdrop and subdued consumer sentiment. Whilst mix and pricing was positive, as we sought to recover margin, volume was down significantly as customers reduced order quantities. Some of this volume decline may be attributable to the uncertainty felt in the run-up to the recent US presidential elections, though this is difficult to gauge. Whilst we won additional tenders, the market remains very competitive which has also reduced volumes and resulted in net lost business. Further to this, our cautious approach to managing credit risk exposure, given the current economic conditions, further impacted revenues. The year-on-year revenue decline spans various product categories, most significantly impacting more discretionary spend such as ribbons & bows (within gift packaging), stationery and partyware (within party). This was particularly evident in the value and mass channel, but which is expected to see some recovery in the second half of the year as that channel gains most in the present consumer climate. The Independents channel also experienced lower consumer demand, and this looks more prolonged. Despite the challenges, there were positive developments with craft and patterns continuing to perform well, and core gift wrap showed resilience. It is also pleasing to see e-commerce sales have grown year-on-year, reflecting our increased strategic focus on this.

The loss of revenue resulted in **adjusted operating profit** falling to $1.7m in the period. Rising raw material, manufacturing and freight costs put further pressure on profitability as they could not be fully recovered through pricing given the market environment. While we successfully reduced overheads, these savings were not enough to offset the combined impact of lower sales and cost headwinds in the period, especially sea and road freight. There are further business optimisation benefits that will materialise in the second half of the year, resulting from initiatives such as the recent restructuring of the commercial team to simplify and better align it with our simplified business model. We are also continuing our site reviews, with two freehold properties currently on the market. These efforts, amongst others, should benefit profits in the second half of the year and the **adjusted operating margin** of 0.7% should improve by the end of the financial year.

Following the departure of the DG Americas CEO in July 2024, we have been actively recruiting a successor to accelerate and complete the division's transformation and return it to profitable revenue growth. The process is advancing well. In the interim, the US leadership team is reporting directly to Paul Bal who is visiting the US regularly. To facilitate this, other Board members and senior leaders are supporting Paul by covering some of his Group-wide responsibilities.

Alongside the focus of developing our e-commerce capabilities, DG Americas has continued to develop and broaden its supplier base. Near-shoring efforts concentrated on Mexico continue, and we are establishing a sourcing team in India.

Design Group International
DG International, which contributes over a third of the Group's revenue at $151.3 million, experienced a 6% decline in revenue compared to the prior year. This performance also reflects a continuation of the trends seen last year, with growth from key customers in continental Europe helping to offset ongoing softness in the UK and Australian markets. Whilst volume was only slightly lower, pricing came under pressure compared to last year.

In the UK, following an extended period of high inflation, interest rates and the cost of living crisis, consumer spending has continued to be suppressed, particularly in more discretionary product categories such as party supplies. Retailers have adopted a cautious approach to ordering, focusing on managing inventory levels amid the weaker demand. In Australia, while the economy has begun to show signs of recovery, consumer confidence remains subdued due to household debt concerns and cost pressures, leading to similarly cautious ordering patterns in non-essential categories. Continental Europe, by contrast, has remained more resilient, driven by relatively resilient consumer sentiment and supported by our strategy of winning alongside the winning retailers.

As a result of these regional dynamics, DG International's homeware category and activity products (within craft) performed strongly, gift packaging delivered a stable performance, while the party category experienced the most significant decline. Additionally, some orders have shifted into the second half of the year, further impacting first-half comparisons, but benefitting the second half.

Adjusted operating profit for the period was $16.9 million, down 33% from the prior year. The **adjusted operating margin** of 11.2% was 450 bps lower, primarily due to higher cost headwinds, particularly in freight, which more than offset raw material cost savings, and could not be fully offset through sales price recovery. Notwithstanding the tougher retail environment, our International division has made operational improvements, including restructuring shift patterns and better utilising or releasing surplus warehousing space. These initiatives have helped mitigate some of the pressures from rising costs. Additionally, as announced in June, the Board took the strategic decision to cease in-house manufacturing in China to reduce business complexity and streamline operations. The lower volumes produced through the China site in the first half resulted in lower profits compared to the prior period, but winding down the facility is expected to yield significant benefits in the second half as no further costs will be incurred with respect to the running of the site, and we therefore avoid the typical seasonality-driven losses from this period.

Looking ahead, further improvements are anticipated in the second half of the year from the aforementioned exit of in-house manufacturing in China, as well as freight costs also turning more favourable. Therefore, although margins were compressed in the first half, we are confident that recovery will be seen by year-end as these operational efficiencies and strategic shifts such as the wider roll-out of our "shrink-free" Smartwrap™ innovation begin to materialise and support the strong trading performance, particularly in continental Europe.

Our products, brands and channels
The Group is well-positioned to be the partner of choice for our retail customers providing a diverse, yet complementary, product portfolio. As regulatory and societal requirements become more onerous, we believe that we are best placed to reliably service an increasingly complex market place for our product categories.

Last year, we redefined our product categories to reflect a new structure for our overall assortment, centred around two key themes: 'Celebrate' and 'Create'. This realignment is supported by our evolving organisational structures, and it allows for more strategic focus on commercial and competitive opportunities. Each of these themes is further divided into three distinct product categories, ensuring clarity and alignment within our business. This is set out in the table below:

Revenue by product category	HY2025		HY2024	
Gift packaging	45%	$178.3m	44%	$197.5m
Party	11%	$45.4m	13%	$57.7m
Goods not for resale	7%	$27.4m	7%	$30.1m
Celebrate	**63%**	**$251.1m**	**64%**	**$285.3m**
Craft	17%	$65.0m	16%	$70.4m
Stationery	6%	$22.8m	7%	$30.1m
Homeware	14%	$54.2m	13%	$58.3m
Create	**37%**	**$142.0m**	**36%**	**$158.8m**
Total		**$393.1m**		**$444.1m**

On the whole, the overall mix across the six new product categories remains largely consistent with last year. Celebrate, in particular Gift packaging, continues to be the Group's leading product category comprising gift wrap, gift bags, ribbons & bows and cards. Whilst Gift packaging has declined 10% in the period, over half of this is considered phasing and is expected to recover in the second half of the year. The decline in the Party and Stationery categories reflect the underlying market conditions for more discretionary spend areas, with the former particularly impacted by the softened trading in the UK and Australia, and the latter most significantly impacted by the lower customer orders in the US. Our Craft category has remained resilient, despite being affected by the difficult US retail environment.

Revenue by customer channel	HY2025		HY2024	
Value & Mass	71%	$280.4m	72%	$317.6m
Independents	16%	$61.9m	16%	$71.4m
Specialists	10%	$39.9m	10%	$46.6m
Online	3%	$10.9m	2%	$8.5m
Total		**$393.1m**		**$444.1m**

The Value & Mass channel, which represents over 70% of Group revenue, saw a decline of $37.2m in the period, largely due to a generally subdued market and lower customer ordering, though some of this reduction is anticipated to shift into the second half of the year. Despite the economic pressures, this channel demonstrated more resilience compared to the other 'brick and mortar' channels. The Specialist channel faced the steepest decline (14%), reflecting ongoing consolidation of the retail environment, especially in the US, coupled with our decision to more prudently manage US retail credit risk. Pleasingly, the Online channel revenue grew by 28% in the period, which is reflective of our strategic focus on this channel, starting with our Craft assortments.

Revenue by season	HY2025		HY2024	
Christmas	50%	$196.4m	50%	$223.3m
Minor seasons	4%	$17.2m	4%	$19.2m
Everyday	46%	$179.5m	46%	$201.6m
Total		**$393.1m**		**$444.1m**

In the period there has been very little change to our seasonality, with all seasons impacted to some degree by the revenue decline. Christmas revenue decline is driven by our customers ordering more cautiously ahead of seasonal peaks reflecting weakened consumer sentiment. Everyday sales are also experiencing similar consumer sentiment challenges, however they have also been particularly impacted by our credit risk exposure management of certain US retail customers.

Revenue by brand	HY2025		HY2024	
Licensed	12%	$47.7m	10%	$45.2m
Customer own brand / bespoke	52%	$205.9m	55%	$243.1m
DG brand	36%	$139.5m	35%	$155.8m
Total		**$393.1m**		**$444.1m**

Licensed sales grew in the period with pockets of growth across the Group reflecting our efforts to maintain and grow value across our overall product assortment. We have extended our relationships in this area, particularly in DG Americas, in some cases through collaborations with our larger customers. This is an area we continue to seek and explore further opportunities in. There is also increased focus on further strengthening our existing brands such as Tom Smith®.

Environmental, Social and Governance (ESG)

The Group's sustainability framework, "Helping Design a Better Future," continues to guide our sustainability efforts across three key pillars: People, Product, and Planet. Our strategy remains focused through bringing our scale and influence to bear, especially when in collaboration with our customers. We recognise that our responsibilities extend to our employees, communities, and the environment, and we are committed to upholding the highest ethical standards whilst minimising environmental impact and driving positive change.

Our sustainability approach is ever evolving, in the FY2024 Annual Report we continued to report progress against our key performance indicators (KPIs). While we take pride in our progress, we acknowledge that we are still in the early stages in our journey and there is always more that can be done. We will continue to develop our sustainability framework, both internally-driven, but also in collaboration with our customers' priorities and agendas in this area. Specifically, this means refining our priorities and 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 remain central to our success, and we have furthered our investment in employee engagement, leadership, and technical development initiatives. We are proud of key achievements, such as a 10% reduction in accidents last year. During the period, we conducted our first, full and comprehensive Group-wide staff engagement survey which had a pleasingly high engagement rate of 78%. The findings from the survey are now being followed-up with further engagement and action-planning to make Design Group an even better place to work. As a further enabler for increased Group-wide collaboration and leverage, we have re-articulated the Group's purpose, vision, mission and values, and these now better align with the new growth-focused strategy, and are being embedded across the Group.

Our product innovations have driven sustainability improvements, notably the expansion of our shrink-free Smartwrap™ solution, with over half of our continental European gift wrap customers buying the solution in FY2024. And now with the rollout in DG UK progressing well, and trials underway in DG Americas, the growth is expected to continue into the future. The roll-out of Smartwrap™ during the period has saved over 29 tonnes of plastic by removing the shrink film from the end consumer giftwrap packaging. These innovations align with, and help deliver, our customers' sustainability goals. During the period we have also initiated a PIMS (Product Information Management System) project to develop a Group-wide platform for capturing product information to better support traceability and provenance.

Within Planet, we have made progress in managing climate-related risks and reporting scope 1 and 2 emissions, while collaborating with major customers to meet their initial environmental targets ahead of schedule. This marks a significant step in our commitment to sustainability, as we work toward a more sustainable future for both the business and the planet. Further to this, during the period, we have seen solar panelling introduced in our contract manufacturing sites in Mexico which make further progress on reducing greenhouse gas emissions.

Detailed financial review

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

	HY2025			HY2024		
	Reported	Adjusting items	Adjusted	Reported	Adjusting items	Adjusted
	$m	$m	$m	$m	$m	$m
Revenue	**393.1**	**-**	**393.1**	**444.1**	**-**	**444.1**
Gross profit	65.1	2.2	67.3	93.0	0.4	93.4
Overheads	(58.0)	5.4	(52.6)	(55.5)	0.3	(55.2)
Operating profit	7.1	7.6	14.7	37.5	0.7	38.2
Net finance costs	(1.4)	-	(1.4)	(3.4)	-	(3.4)
Profit before tax	5.7	7.6	13.3	34.1	0.7	34.8
Tax	(1.3)	(0.9)	(2.2)	(9.5)	(0.2)	(9.7)
Profit after tax	**4.4**	**6.7**	**11.1**	**24.6**	**0.5**	**25.1**
Operating profit	7.1	7.6	14.7	37.5	0.7	38.2
Depreciation and impairment of PPE and software	6.8	(0.8)	6.0	6.9	-	6.9
Depreciation and impairment of right of use assets	7.7	-	7.7	7.6	0.6	8.2
Acquisition amortisation	0.9	(0.9)	-	0.9	(0.9)	-
EBITDA	**22.5**	**5.9**	**28.4**	**52.9**	**0.4**	**53.3**
Diluted earnings per share	4.1c	7.1c	11.2c	24.4c	0.6c	25.0c

Revenue for the period ended 30 September 2024 declined by 11% to $393.1 million (HY2024: $444.1 million) driven by ongoing economic challenges, subdued consumer sentiment, and careful management of credit risk exposure. Revenue at constant currency was down 12%.

Adjusted operating profit decreased 62% year-on-year to $14.7 million (HY2024: $38.2 million). The reduction in revenue as well as rising manufacturing and freight costs put pressure on profitability, and while we successfully reduced overheads, these savings were not enough to offset the combined impact of lower sales and cost headwinds in the period. Furthermore, the lower volumes produced through the China site, following the strategic decision to exit in-house manufacturing, impacted profits, but will yield benefits in the second half of the year with no further operating costs expected to be incurred with respect to the running of the site. **Adjusted gross margin** at 17.1% (HY2024: 21.0%) and **adjusted operating margin** at 3.7% (HY2024: 8.6%) are both down year-on-year, reflecting the increase in costs and phasing shift in profitability into the second half of the year. Similarly, the above, combined with higher adjusting items in the period, resulted in an **operating profit** of $7.1 million (HY2024: $37.5 million). The adjusting items of $7.6 million (HY2024: $0.7 million) are higher than the prior year, with costs being incurred in the current year to allow for the restructuring across the Group to drive business simplification. Further details of the adjusting items are detailed below.

The above resulted in an **adjusted profit before tax** of $13.3 million (HY2024: $34.8 million) and a reported **profit before tax** of $5.7 million (HY2024: $34.1 million). **Adjusted profit after tax** was $11.1 million (HY2024: $25.1 million) with the reported **profit after tax** for the period at $4.4 million (HY2024: $24.6 million).

Net finance costs
Net finance costs were lower than the prior year, being $1.4 million (HY2024: $3.4 million). The average net cash was significantly more favourable, largely due to a strong opening cash position.

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 to operating profit for the six months ended 30 September 2024 include a net expense of $7.6 million (HY2024: $0.7 million) as a result of the following events:

Adjusting items	**HY2025** $m	**HY2024** $m
Integration and restructuring (costs)/income	(6.7)	0.2
Amortisation of acquired intangibles	(0.9)	(0.9)
Total	**(7.6)**	**(0.7)**

Integration and restructuring costs – $6.7 million (HY2024: $0.2 million 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 costs incurred in HY2025 relate to the restructuring of the DG Americas and DG UK (and its subsidiaries in Asia) businesses:

DG Americas business reorganisation: In the period ended 30 September 2024 further restructuring costs, relating to staff, of $2.2 million have been recognised in DG Americas. In addition, a further $0.2 million of costs have been incurred in relation to a warehouse consolidation project.

China site closure - Following the announcement in June 2024 of the closure of Huizhou Gift International Greetings Co Ltd a subsidiary of DG UK, the business has incurred $4.3 million of restructuring costs in the period ended 30 September 2024. Of this $4.3 million, $3.0 million relates to staff costs, $0.8 million relates to asset write-downs, and $0.5m relates to other closure costs. The asset write-down resulted from assets classified as held for sale during the period being measured at the lower of their carrying amount and fair value less costs to sell at the time of reclassification.

Amortisation of acquired intangibles – $0.9 million charge (HY2024: $0.9 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).

Taxation
The taxation charge for the half year on profit before tax is $1.3 million (HY2024: $9.5 million) with the effective tax rate at 23.3% (HY2024: 27.9%). The taxation charge on adjusted profit before tax is $2.2 million (HY2024: $9.7 million) with the effective tax rate at 16.2% (HY2024: 27.8%).

The changes in profit mix across the various territories as well as the changes across territories in the H1/H2 split are the main drivers that impact the effective tax rate. The effective tax rate in the UK is currently 0% as deferred tax is not recognised, and the H1/H2 profit split in this territory is the largest contributor to the low effective rate in the period.

The key driver behind the higher effective tax rate between adjusted and reported profit is adjusting items for which no tax relief has been attributed. These are the costs associated with the China site closure given there will be no future profits to offset these costs against and there is no tax loss carry back claim in China.

Earnings per share
Diluted adjusted earnings per share at 11.2 cents (HY2024: 25.0 cents) is reduced year-on-year driven by the decline in the underlying profit after tax for the period. **Diluted earnings per share** at 4.1 cents (HY2024: 24.4 cents) which is lower than adjusted diluted earnings per share reflects the adjusting items charge in the period. Further details are set out in note 9.

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 is not recommending an interim dividend for the period ended 30 September 2024 (HY2024: nil).

The Group currently intends to provide an update to its capital allocation policy alongside the publication of the FY2025 results.

Cash flow and net cash
The Group ended the period with its net cash balance at $7.4 million (HY2024: $15.1 million net debt). The year-on-year cash balance improved as a result of a stronger opening cash position. While there were some improvements in working capital these were more than offset by lower profit levels.

Cash flow	**HY2025 $m**	HY2024 $m
Adjusted EBITDA	**28.4**	53.3
Add back for share-based payment charge	**0.7**	0.6
Movements in working capital	**(96.2)**	(99.5)
Adjusted cash used by operations	**(67.1)**	(45.6)
Adjusting items within cash used by operations	**(4.7)**	(1.8)
Cash used by operations	**(71.8)**	(47.4)
Capital expenditure (net of disposals of property, plant and equipment)	**(3.1)**	(5.2)
Tax paid	**(3.2)**	(1.3)
Interest paid	**(1.0)**	(2.3)
Lease liabilities principal repayments	**(8.4)**	(9.7)
Dividends paid (including those paid to non-controlling interests)	**(0.7)**	-
FX and other	**0.4**	0.3
Movement in net cash/(debt)	**(87.8)**	(65.6)
Opening net cash	**95.2**	50.5
Closing net cash/(debt)	**7.4**	(15.1)

Working capital
Working capital levels of the Group increase steadily in the first half of the year as manufacturing of seasonal product builds ahead of distribution. The second half of the year then sees the borrowing levels of the Group decline and typically move to a net cash position as Christmas-related receivables are collected. The working capital outflow in the period was $96.2 million (HY2024: $99.5 million), with a continued focus on working capital management across the Group.

Adjusting items within cash generated from operations
During the period there was a $4.7 million net cash outflow (HY2024: $1.8 million) in relation to adjusting items, in the current year these cash outflows mainly relate to the closure of the manufacturing site in China, as well as staff redundancy costs in DG Americas. In the prior year, the $1.8 million outflow mainly related to costs incurred in previous years. Further detail on adjusting items can be seen above.

Capital expenditure
Capital expenditure in the period was lower than the prior year at $3.1 million (HY2024: $5.2 million) with the strategic investments in the innovative Smartwrap™ solution the most notable expenditure in the period. Capital expenditure in the second half of the year is expected to be higher with further investment in Smartwrap™, as well as continued ERP investment, and relocation to a new warehouse facility for our DG Australia operations.

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 HY2025 when compared to HY2024 is that the decrease in revenue would have been $2.9 million higher if HY2024 revenues are translated at HY2025 foreign currency exchange rates, and the decline in **adjusted profit before tax** would have been $0.4 million higher.

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

Last year end the Group 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. The same year-end adjustments have been included as opening balance adjustments to our interim account. 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.

Refer to note 1 for additional information.

Financial position and going concern basis
The Group's net assets increased by $24.0 million to $379.9 million at 30 September 2024 (HY2024: $355.9 million restated). 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 period end with a net cash position of $7.4 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 potential sales impacts from macroeconomic and subdued consumer sentiment in DG Americas, 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.

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.

Risk

The Group operates a decentralised model where the risk management framework is well-established, with a bottom-up approach starting within each business unit and the Group team and Board playing an overarching role to ensure oversight. This allows for risks to be managed within the Board's tolerance and appetite levels, as well as ensuring risk management is embedded within strategic and operational decision making. The risk management framework, along with the principal risks and uncertainties faced by the Group, remain in line with those set out on pages 64 to 69 of our annual report and financial statements 2024.

The key risks for the Group at present continue to be: Macroeconomic uncertainty and Strategy. Macroeconomic uncertainty continues to be high following the succession of geopolitical events impacting our business across our suppliers, customers, consumers and workforce. The outlook is also set to remain uncertain in the immediate future, which is also impacting consumers with a high inflationary environment and subdued sentiment. We therefore need to able to respond appropriately to external market conditions whilst maintaining a clear focus on delivering our strategy, focusing on winning with the winning retailers. Given the journey we are on to address the Group strategy, this risk remains crucial ensure sustainable profit growth is achieved.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and that the interim management report includes a fair review of the information, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

By order of the Board

Rohan Cummings
Director

25 November 2024

CONDENSED CONSOLIDATED INCOME STATEMENT
SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	**Unaudited six months ended 30 Sep 2024 $000**	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Revenue	2	**393,069**	444,050	800,051
Cost of sales		**(327,953)**	(351,069)	(658,532)
Gross profit		**65,116**	92,981	141,519
Selling expenses		**(20,890)**	(22,168)	(44,143)
Administration expenses		**(37,439)**	(33,885)	(70,045)
Other operating income	5	**438**	522	1,903
(Loss)/profit on disposal of property, plant and equipment	2	**(246)**	24	(238)
Profit on disposal of leases		**70**	27	—
Operating profit	3	**7,049**	37,501	28,996
Finance income		**605**	235	1,065
Finance cost		**(1,958)**	(3,683)	(6,219)
Profit before tax		**5,696**	34,053	23,842
Income tax charge	6	**(1,328)**	(9,485)	13,277
Profit for the period		**4,368**	24,568	37,119
Attributable to:				
Owners of the Parent Company		**3,974**	23,911	35,625
Non-controlling interests		**394**	657	1,494

Earnings per ordinary share

	Note	**Unaudited six months ended 30 Sep 2024**	Unaudited six months ended 30 Sep 2023	Twelve months ended 31 Mar 2024
Basic	9	**4.2c**	24.6c	36.8c
Diluted	9	**4.1c**	24.4c	36.6c

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Profit for the period	4,368	24,568	37,119
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension and health benefit schemes	—	—	(48)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations	(10,174)	(186)	(5,502)
Transfer to profit and loss on maturing cash flow hedges	137	139	(285)
Net unrealised (loss)/gain on cash flow hedges	(95)	(407)	292
Income tax relating to these items	—	—	—
	(10,132)	(454)	(5,495)
Other comprehensive expense for the period, net of tax	(10,132)	(454)	(5,543)
Total comprehensive (expense)/income for the period, net of tax	(5,764)	24,114	31,576
Attributable to:			
Owners of the Parent Company	(6,628)	23,713	30,237
Non-controlling interests	864	401	1,339
	(5,764)	24,114	31,576

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 SEPTEMBER 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 2024	6,201	219,210	40,883	42	(5,740)	101,022	361,618	7,869	369,487
Profit for the period	—	—	—	—	—	3,974	3,974	394	4,368
Other comprehensive (expense)/income	—	—	—	42	(10,644)	—	(10,602)	470	(10,132)
Total comprehensive (expense)/income for the period	—	—	—	42	(10,644)	3,974	(6,628)	864	(5,764)
Transactions with owners in their capacity as owners									
Equity-settled share-based payments	—	—	—	—	—	640	640	—	640
Tax on equity-settled share-based payments	—	—	—	—	—	13	13	—	13
Options exercised	2	—	—	—	—	(2)	—	—	—
Equity dividends paid	—	—	—	—	—	—	—	(668)	(668)
Exchange differences on opening balances	377	13,352	2,490	—	—	—	16,219	—	16,219
At 30 September 2024	6,580	232,562	43,373	84	(16,384)	105,647	371,862	8,065	379,927

SIX MONTHS ENDED 30 SEPTEMBER 2023

	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 31 March 2023	6,059	214,845	40,069	38	(1,198)	68,033	327,846	6,530	334,376
Restatement (note 1)	—	—	—	—	802	(456)	346	—	346
At 1 April 2023 (restated note 1)	6,059	214,845	40,069	38	(396)	67,577	328,192	6,530	334,722
Profit for the period	—	—	—	—	—	23,911	23,911	657	24,568
Other comprehensive (expense)/income	—	—	—	(271)	73	—	(198)	(256)	(454)
Total comprehensive income/(expense) for the period	—	—	—	(271)	73	23,911	23,713	401	24,114
Transactions with owners in their capacity as owners									
Equity-settled share-based payments	—	—	—	—	—	599	599	—	599
Tax on equity-settled share-based payments	—	—	—	—	—	(5)	(5)	—	(5)
Options exercised	16	—	—	—	—	(16)	—	—	—
Exchange differences on opening balances	(79)	(2,878)	(537)	—	—	—	(3,494)	—	(3,494)
At 30 September 2023	5,996	211,967	39,532	(233)	(323)	92,066	349,005	6,931	355,936

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 – note 1)	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	—	—	—	—	—	1,432	1,432	—	1,432
Purchase of own shares	—	—	—	—	—	(3,548)	(3,548)	—	(3,548)
Options exercised	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 policy, 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 reserves.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2024

	Note	**Unaudited as at 30 Sep 2024 $000**	Restated[(a)] Unaudited as at 30 Sep 2023 $000	As at 31 Mar 2024 $000
Non-current assets				
Property, plant and equipment		**60,855**	66,961	67,062
Intangible assets		**74,134**	75,277	74,754
Right-of-use assets		**54,212**	62,106	59,115
Long-term assets		**3,906**	5,236	4,648
Deferred tax assets		**39,035**	12,164	39,099
Total non-current assets		**232,142**	221,744	244,678
Current assets				
Asset held for sale		**5,573**	1,612	1,786
Inventory		**217,921**	218,794	165,401
Trade and other receivables		**217,896**	252,343	89,523
Income tax receivable		**2,491**	1,964	2,522
Derivative financial assets	10	**403**	664	68
Cash and cash equivalents	7	**48,827**	71,566	157,365
Total current assets		**493,111**	546,943	416,665
Total assets	2	**725,253**	768,687	661,343
Non-current liabilities				
Loans and borrowings	8	**(495)**	(1,005)	(817)
Lease liabilities		**47,601**	54,836	51,751
Deferred income		**1,738**	1,930	1,837
Provisions		**2,902**	2,985	2,796
Other financial liabilities		**10,961**	14,082	14,307
Deferred tax liabilities		**153**	163	150
Total non-current liabilities		**62,860**	72,991	70,024
Current liabilities				
Bank overdraft	7	**40,677**	64,261	63,655
Loans and borrowings	8	**1,257**	23,397	(700)
Lease liabilities		**14,373**	15,988	15,595
Deferred income		**513**	437	214
Provisions		**6,549**	9,088	7,527
Income tax payable		**10,464**	11,531	12,356
Trade and other payables		**173,765**	177,463	86,101
Other financial liabilities		**34,868**	37,595	37,084
Total current liabilities		**282,466**	339,760	221,832
Total liabilities	2	**345,326**	412,751	291,856
Net Assets		**379,927**	355,936	369,487
Equity				
Share capital		**6,580**	5,996	6,201
Share premium		**230,767**	210,331	217,518
Capital redemption reserve		**1,795**	1,636	1,692
Merger reserve		**43,373**	39,532	40,883
Hedging reserve		**84**	(233)	42
Translation reserve		**(16,384)**	(323)	(5,740)
Retained earnings		**105,647**	92,066	101,022
Equity attributable to owners of the Parent Company		**371,862**	349,005	361,618
Non-controlling interests		**8,065**	6,931	7,869
Total equity		**379,927**	355,936	369,487

a) Restated – see note 1 for further details

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	**Unaudited six months ended 30 Sep 2024 $000**	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Cash flows from operating activities				
Profit for the period		**4,368**	24,568	37,119
Adjustments for:				
Depreciation of property, plant and equipment		**6,473**	6,159	12,326
Depreciation of right-of-use assets		**7,689**	7,626	15,917
Amortisation of intangible assets		**1,231**	1,603	3,032
Net finance cost		**1,353**	3,448	5,154
Income tax charge/(credit)		**1,328**	9,485	(13,277)
Loss/(profit) on disposal of property, plant and equipment		**246**	(24)	238
Profit on disposal of leases		**(70)**	(27)	—
Equity-settled share-based payments		**725**	630	1,502
Operating profit after adjustments for non-cash items		**23,343**	53,468	62,011
Change in trade and other receivables		**(125,359)**	(163,254)	3,997
Change in inventory		**(48,337)**	(14,596)	40,361
Change in trade and other payables, provisions and deferred income		**78,512**	76,974	(18,966)
Cash (used by)/generated from operations		**(71,841)**	(47,408)	87,403
Tax paid		**(3,167)**	(1,272)	(5,159)
Interest and similar charges paid		**(979)**	(2,267)	(4,536)
Net cash (outflow)/inflow from operating activities		**(75,987)**	(50,947)	77,708
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment		**81**	42	782
Acquisition of business		**—**	—	(496)
Acquisition of intangible assets		**(6)**	(93)	(442)
Acquisition of property, plant and equipment		**(3,209)**	(5,123)	(10,254)
Net cash (outflow)/inflow from investing activities		**(3,134)**	(5,174)	(10,410)
Cash flows from financing activities				
Purchase of own shares		**—**	—	(3,548)
Net movement in credit facilities		**2,000**	24,000	—
Lease liabilities principal repayments		**(8,376)**	(9,666)	(18,422)
Loan arrangement fees		**—**	(1,873)	(2,045)
Dividends paid to non-controlling interest		**(668)**	—	—
Net cash (outflow)/inflow from financing activities		**(7,044)**	12,461	(24,015)
Net (decrease)/increase in cash and cash equivalents		**(86,165)**	(43,660)	43,283
Cash and cash equivalents and bank overdrafts at beginning of the period		**93,710**	50,234	50,234
Effect of exchange rate fluctuations on cash held		**605**	731	193
Cash and cash equivalents and bank overdrafts at end of the period	7	**8,150**	7,305	93,710

NOTES TO THE INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED 30 SEPTEMBER 2024

1. Accounting policies
Basis of preparation

The condensed financial information contained in this interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and is unaudited. Statutory accounts for the year ended 31 March 2024 were approved by the board of directors on 24 June 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. These interim financial statements have been reviewed, not audited.

This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2024 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2024, which has been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006, and any public announcements made by IG Design Group plc during the interim reporting period.

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. 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. IG Design plc is a company limited by shares, incorporated and domiciled in the UK. Its registered office is Howard House, Howard Way, Interchange Park, Newport Pagnell, MK16 9PX. Its shares are listed on the Alternative Investment Market (AIM).

Seasonality of the business

The business of the Group is seasonal and although revenues generally 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 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.

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 30 September 2023 balance sheet has been adjusted by $5.8 million to restate the goodwill (included with in intangible assets) at acquisition and a provision of $5.5 million (included within current liabilities) has been raised. In addition, the post-acquisition impact 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 and functional 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.

Going concern

Information regarding the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the detailed financial review above. Cash balances and borrowings are detailed in notes 7 and 8.

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 approval of these financial statements, 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 offered flexibility during the months where the Group may have had 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 7 and 8.

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 31 March 2026. These forecasts reflect the fact that the Group has returned to profitability and continues to grow profitability and margins as a result. They also reflect the seasonal operating cycle of the business and further stabilisation associated with the DG Americas plan, following the decline in performance in the first half of the year.

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$10 million reduction in sales performance and related cash and working capital impacts; and
- the potential of further impacts resulting from the macroeconomic environment and subdued consumer sentiment in DG Americas, reflected in a c$40 million reduction in sales and with associated effects on facility headroom.

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.

Significant accounting policies
The accounting policies adopted in the preparation of the interim report are consistent with those of the previous financial year and corresponding interim reporting period and the adoption of new and amended standards. A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2. Segmental information
The Group has one material business activity, being the design, manufacture and distribution of various celebration and creative 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, the UK, India and Mexico, being the overseas entities of US companies. The DG International segment comprises the consolidation of the separately owned business 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 liabilities and cash have 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 & eliminations $000	Group $000
Six months ended 30 September 2024				
Revenue – external	241,765	151,304	—	393,069
– inter-segment	—	—	—	—
Total segment revenue	241,765	151,304	—	393,069
Segment profit/(loss) before adjusting items	**1,654**	**16,928**	**(3,922)**	**14,660**
Adjusting items (note 3)	(3,270)	(4,341)	—	(7,611)
Operating profit/(loss)	(1,616)	12,587	(3,922)	7,049
Finance income				605
Finance costs				(1,958)
Income tax				(1,328)
Profit for the six months ended 30 September 2024				**4,368**
Balances at 30 September 2024				
Segment assets	**411,186**	**244,920**	**69,147**	**725,253**
Segment liabilities	**(199,201)**	**(135,263)**	**(10,862)**	**(345,326)**
Capital expenditure additions				
– property, plant and equipment	1,349	1,855	5	3,209
– intangible assets	—	6	—	6
– right-of-use assets	2,228	292	—	2,520
Depreciation – property, plant and equipment	3,207	3,253	13	6,473
Amortisation – intangible assets	1,190	41	—	1,231
Depreciation – right-of-use assets	5,273	2,412	4	7,689
(Loss)/profit on disposal of property, plant and equipment	(258)	12	—	(246)

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

	DG Americas[(a)] $000	DG International $000	Central & eliminations $000	Group $000
Six months ended 30 September 2023				
Revenue – external	282,392	161,658	—	444,050
– inter-segment	—	33	(33)	—
Total segment revenue	282,392	161,691	(33)	444,050
Segment profit/(loss) before adjusting items	16,568	25,315	(3,640)	38,243
Adjusting items (note 3)	(742)	—	—	(742)
Operating profit/(loss)	15,826	25,315	(3,640)	37,501
Finance income				235
Finance costs				(3,683)
Income tax				(9,485)
Profit for the six months ended 30 September 2023				24,568
Balances at 30 September 2023				
Segment assets (restated)[(b)]	474,630	249,221	44,836	768,687
Segment liabilities (restated)[(b)]	(246,665)	(137,278)	(28,808)	(412,751)
Capital expenditure additions				
– property, plant and equipment	3,659	1,418	46	5,123
– intangible assets	59	34	—	93
– right-of-use assets	1,207	144	—	1,351
Depreciation – property, plant and equipment	3,483	2,664	12	6,159
Amortisation – intangible assets	1,533	70	—	1,603
Depreciation – right-of-use assets	5,691	2,484	4	8,179
Reversal of impairment – right-of-use assets	(553)	—	—	(553)
Profit on disposal of property, plant and equipment	—	24	—	24

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

(b) Restated – see note 1 for further details.

	DG Americas[a] $000	DG International $000	Central & 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
Loss 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 DG Americas operating segment.

Total administration expenses are $37.4 million (HY2024: $33.9 million; FY2024: $70.0 million), which includes $0.8 million (HY2024: nil, FY2024: nil) loss on re-measurement of assets held for sale (see note 3 for further details).

3. Operating profit and adjusting items

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Operating profit analysed as:			
Adjusted operating profit	**14,660**	**38,243**	31,098
Adjusting items	**(7,611)**	**(742)**	(2,102)
Operating profit	**7,049**	**37,501**	28,996

Adjusting items

Six months ended 30 September 2024	**Cost of sales $000**	**Selling expenses - costs $000**	**Admin expenses - costs $000**	**Other operating income $000**	**Profit on disposal of property, plant and equipment $000**	**Total $000**
Acquisition integration and restructuring costs(1)	**2,197**	**876**	**3,603**	**—**	**33**	**6,709**
Amortisation of acquired intangibles(2)	**—**	**—**	**902**	**—**	**—**	**902**
Adjusting items	**2,197**	**876**	**4,505**	**—**	**33**	**7,611**

Six months ended 30 September 2023	Cost of sales $000	Selling expenses - costs $000	Admin expenses - costs $000	Other operating income $000	Profit on disposal of property, plant and equipment $000	Total $000
Acquisition integration and restructuring costs/(income)(1)	394	—	(554)	—	—	(160)
Amortisation of acquired intangibles(2)	—	—	902	—	—	902
Adjusting items	394	—	348	—	—	742

Year ended 31 March 2024	Cost of sales $000	Selling expenses - costs $000	Admin expenses - costs $000	Other operating income $000	Profit on disposal of property, plant and equipment $000	Total $000
Acquisition 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

Adjusting items are separately presented by virtue of their nature, size and/or incidence (per each operating segment). 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) Acquisition integration and restructuring costs - $6.7 million (HY2024: $0.2 million 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 costs incurred in HY2025 relate to the restructuring of DG Americas and DG UK (and its subsidiary in Asia) businesses:

DG Americas business reorganisation - $2.4 million (HY2024: $0.4 million): In the period ended 30 September 2024 further restructuring costs, relating to staff, of $2.2 million have been recognised in DG Americas. In addition, a further $0.2 million of costs have been incurred in relation to a warehouse consolidation project, effecting warehouses in South Centre and Hagerstown. (HY2024: $0.4 million).

China site closure - $4.3 million (HY2024: $nil): Following the announcement in June 2024 of the closure of Huizhou Gift International Greetings Co Ltd a subsidiary of DG UK, the business has incurred $4.3 million of restructuring costs in the period ended 30 September 2024. Of this $4.3 million, $3.0 million relates to staff costs, $0.8 million relates to asset write-downs, and $0.5m relates to other closure costs. The asset write-down resulted from assets classified as held for sale during the period being measured at the lower of their carrying amount and fair value less costs to sell at the time of reclassification. This is a level 2 measurement as per the fair value hierarchy set out in note 10. These are not considered operational costs relating to the running of the business and are directly related to the accounting for the closure.

Reversal of impairment - $nil (HY2024: $0.6 million credit: 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 in HY2024 of $0.6 million.

(2) Amortisation of acquired intangibles - $0.9 million charge (HY2024 $0.9 million)
Under IFRS, as part of the acquisition of a company, it is necessary to identify intangible assets such as customer lists and brands which form part of the intangible value of the acquired business, but which 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 considered operational costs relating to the running of the acquired business and are directly related to the accounting for the acquisition. These include brands acquired as part of the acquisition of Impact Innovations Inc.

The cash flow effect of adjusting items

There was a $4.7 million net outflow in the current period's cash flow (HY2024: $1.8 million, FY2024: $2.1 million) relating to adjusting items which included $249,000 outflow (HY2023: $1.4 million, FY2024: $1.5 million) deferred from prior years.

4. Share based payments charges

The total expense recognised for the period arising from equity-settled share-based payments is as follows:

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Charge in relation to the 2022-2025 LTIP scheme	**249**	452	778
Charge in relation to the 2023-2026 LTIP scheme	**287**	147	654
Charge in relation to the 2024-2027 LTIP scheme	**104**	—	—
Equity-settled share-based payments charge	**640**	599	1,432
Social security charge	**85**	31	70
Total equity-settled share-based payments charge	**725**	630	1,502

In August 2024, the 2024-2027 LTIP scheme was granted. The 2024-2027 LTIP scheme is subject to certain performance criteria being achieved during a three-year period: relative Total Shareholder Return versus FTSE SmallCap (excluding Investment Trusts) constituents; and EPS growth, with an 'underpin' condition to reduce vesting levels if unwarranted 'windfall gains' from share price movements arise. There is a two-year holding period for certain individuals.

5. Other operating income

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Grant income received	**117**	105	211
Sub-lease rental income	**232**	352	687
Other	**89**	65	1,005
Total other operating income	**438**	522	1,903

6. Taxation

Recognised in the income statement

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Current tax charge			
Current income tax charge	**1,185**	6,351	10,531
Deferred tax charge/(credit)			
Origination and reversal of temporary differences	**143**	3,134	(23,808)
Total tax in the income statement	**1,328**	9,485	(13,277)
Total tax charge/(credit) on adjusting items			
Total tax on profit before adjusting items	**2,161**	9,670	8,528
Total tax on adjusting items	**(833)**	(185)	(21,805)
Total tax charge/(credit) in the income statement	**1,328**	9,485	(13,277)

The tax expense has been calculated by applying the effective rate of tax which is expected to apply for the year ended 31 March 2025 by jurisdiction, using rates substantively enacted by 30 September 2024. The income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2024 was 23.3% (HY2024: 27.9%). The changes in profit mix across the various territories as well as the changes across territories in the H1/H2 split are the main drivers that impact the effective tax rate. The tax effect of adjusting items are recognised in the same period as the relevant adjusting item.

The deferred tax assets in the UK continue not to be recognised based on the assessment of future taxable profits against which the asset could unwind.

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.

Based on an assessment of the data for the year ended 31 March 2023 undertaken at 31 March 2024 year end, 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 for the year ended 31 March 2025 and therefore has not been included in the ETR calculation for the period ended 30 September 2024.

7. Cash and cash equivalents/bank overdrafts

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Cash and cash equivalents	**48,827**	71,566	157,365
Bank overdrafts	**(40,677)**	(64,261)	(63,655)
Cash and cash equivalents and bank overdrafts per cash flow statement	**8,150**	7,305	93,710

Net cash/(net debt)

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Cash and cash equivalents	**8,150**	7,305	93,710
Bank loans	**(2,000)**	(24,000)	—
Loan arrangement fees	**1,238**	1,608	1,517
Net cash/(debt) as used in the financial review cash flow statement	**7,388**	(15,087)	95,227

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 8 for further details of the Group's loans and borrowings.

8. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Non-current liabilities			
Loan arrangement fees	**(495)**	(1,005)	(817)
	(495)	(1,005)	(817)
Current liabilities			
Asset backed loan	**2,000**	24,000	—
Bank loans and borrowings	**2,000**	24,000	—
Loan arrangement fees	**(743)**	(603)	(700)
	1,257	23,397	(700)

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 did not increase the maximum facility amount and offered flexibility during the months where the Group had 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.

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 would have been 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 the two month period.

The financial covenants within the RCF agreement were 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 for the period it was in operation) is 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.

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.

9. Earnings per share

	Unaudited six months ended 30 Sep 2024 $000	Unaudited six months ended[(a)] 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Earnings			
Earnings attributable to equity holders of the Company	**3,974**	23,911	35,625
Adjustments			
Adjusting items (net of non-controlling interest effect)	**7,611**	742	2,102
Tax relief on adjustments (net of non-controlling interest effect)	**(833)**	(185)	(21,805)
Adjusted earnings attributable to equity holders of the Company	**10,752**	24,468	15,922

In thousands of shares	**Unaudited six months ended 30 Sep 2024**	Unaudited six months ended 30 Sep 2023	Twelve months ended 31 Mar 2024
Issued ordinary shares at 1 April	**98,279**	97,993	97,994
Shares relating to share options	**28**	315	314
Less: shares held by Employee Benefit Trust	**(3,028)**	(1,031)	(1,457)
Weighted average number of shares for the purposes of calculating basic EPS	**95,279**	97,277	96,851
Effect of dilutive potential shares – share awards	**1,049**	658	563
Weighted average number of shares for the purposes of calculating diluted EPS	**96,328**	97,935	97,414

	Unaudited six months	Unaudited six months	Twelve months

	ended 30 Sep 2024 Cents	ended 30 Sep 2023 Cents	ended 31 Mar 2024 Cents
Earnings per share			
Basic earnings per share	**4.2**	24.6	36.8
Impact of adjusting items (net of tax)	**7.1**	0.6	(20.3)
Basic adjusted earnings per share	**11.3**	25.2	16.5
Diluted earnings per share	**4.1**	24.4	36.6
Diluted adjusted earnings per share	**11.2**	25.0	16.3

Adjusted earnings per share is provided to reflect the underlying earnings performance of the Group.

Basic earnings per share
Basic EPS is calculated by dividing the profit for the period 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 per share
Diluted EPS is calculated by dividing the profits for the period attributable to ordinary shareholdings by the weighted average number of shares outstanding during the period, excluding own shares held by the Employee Benefit Trust, plus the weighted average number of ordinary shares that would be issued on the conversion of the potentially dilutive shares.

10. Financial instruments
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 and certain assets held for sale have been 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.

All other financial assets and liabilities are measured at amortised cost.

The Group held the following financial instruments at 30 September 2024, which were measured at Level 2 fair value subsequent to initial recognition:

Forward exchange contracts carrying amount	**Unaudited six months ended 30 Sep 2024 $000**	Unaudited six months ended 30 Sep 2023 $000	Twelve months ended 31 Mar 2024 $000
Derivative financial assets	**403**	664	68
Derivative financial liabilities	**(319)**	(876)	(26)

The Group has forward currency hedging contracts outstanding at 30 September 2024 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.

The Group had assets held for sale at 30 September 2024 of $855,000 (HY2024 $nil), which were measured at Level 2 fair value.

11. Capital commitments
At 30 September 2024, the Group had outstanding authorised capital commitments to purchase plant and equipment for $4.9 million (HY2024: $4.0 million). At 30 September 2024, the Group has estimated lease commitments for leases not yet commenced of $18.6 million (HY2024: $16.7 million).

12. Related parties
As at 30 September 2024, there are no changes to the related parties or types of transactions as disclosed at 31 March 2024.

13. Non-adjusting post balance sheet events

There were no known material non-adjusting events which occurred between the end of the reporting period and prior to the authorisation of this interim report.

Independent review report to IG Design Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed IG Design Group plc's condensed consolidated interim financial statements (the "interim financial statements") for the 6 month period ended 30 September 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2024;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim financial statements are the responsibility of, and have been approved by the directors. The directors are responsible for preparing the interim financial statements in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements. In preparing the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
Milton Keynes
25 November 2024

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

ADVISERS

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 Strategic Communications
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 made outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 - 17.30, Monday to Friday excluding public holidays in England and Wales.

By email: enquiries@linkgroup.co.uk