EMBARGOED UNTIL 28th NOVEMBER 2023

IG Design Group PLC

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

Results for the six months ended 30 September 2023

Improving operational efficiency and simplifying the business results in profits and margin recovery

IG Design Group plc, one of the world's leading designers, innovators and manufacturers of Gift Packaging, Celebrations, Craft & Creative Play, Stationery, Gifting and related product categories announces its unaudited results for the six months ended 30 September 2023 ('the period').

Highlights for the six months ended 30 September 2023

Financial Highlights	HY2024	HY2023
Revenue	$444.1m	$521.2m
Adjusted[a]		
- Operating profit	$38.2m	$30.5m
- Profit before tax	$34.8m	$27.4m
- Diluted earnings per share	25.0c	19.6c
Reported		
- Operating profit	$37.5m	$35.1m
- Profit before tax	$34.1m	$32.0m
- Diluted earnings per share	24.4c	23.1c
Net debt as at the period end	$15.1m	$73.7m

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

- Improved profit and margin recovery across both of the Group's divisions, ahead of the Board's expectations for the period
- Adjusted operating profit improved by 26% year-on-year, and margin up 270 bps to 8.6%, driven by continued benefits from strategic initiatives in DG Americas, strong trading in DG International and reduced costs
- As previously announced, revenues down nearly 15%, mainly in DG Americas, driven by lower demand across both seasonal and everyday categories, as well as a return to more traditional seasonality and ordering patterns
- Net debt significantly improved year-on-year reflecting strong working capital management and improved underlying profitability
- Appointment of Rohan Cummings as Group CFO in July 2023, with Paul Bal appointed Group CEO in April 2023
- Senior management team strengthened with the internal promotion of two new MDs within the DG International division
- Continued investment in more sustainable gift packaging solutions
- In line with the Board's previous guidance, no dividend is being declared.

Outlook

- There remains some continued uncertainty over consumer demand, and therefore ordering by our customers, given the current economic climate
- FY2024 orderbook at 86% (prior year: 92%) indicates that although strong relationships with our customers are sustained, the retail environment continues to be challenging
- Full year profits and margins expected to remain in line with the Board's expectations, with good growth year-on-year
- Cash delivery over the year is expected to be above Board expectations
- Remain on track for aspiration of pre-Covid-19 operating profit margin recovery by 31 March 2025

Stewart Gilliland, Chair, commented:

"We are pleased with the progress we have continued to make on our journey of improving operational efficiency and simplifying our business. As a result, at the half year we have delivered significant growth in profit and margin. In addition, net debt is significantly lower than a year ago, reflecting strong cash flow. I would like to thank all of our colleagues for their collaborative efforts and hard work; their commitment has been instrumental in our collective success thus far.

Whilst the challenging external environment, particularly in the US, has impacted our revenue performance, we have seen increased collaboration in navigating the uncertainty together with our customers. Our strategy of winning together with those customers that are succeeding has certainly been evident and we continue to provide a product portfolio that resonates with our customers. Looking ahead, we do detect continued overall caution in our customers' ordering and their outlook. However, our efforts to build a more efficient model, unlocking synergies and trapped value, will continue and we expect to deliver full year profits and margins in line with the Board's expectation. We are becoming increasingly confident that a more resilient business model is taking shape and that we will realise our stated aspiration to return the Group to pre-Covid-19 operating profit margins by 31 March 2025."

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Overview

We are very pleased with what has been delivered in the period, testament to the hard work across the Group with colleagues increasingly working together to achieve our goals. Thanks to this, we are able to report a strong start to delivering continued margin and profit growth this year. Cash delivery during this period has also been beyond our original expectations. Alongside these significant achievements, we are making good progress in realising our stated aspiration to return the Group to pre-Covid-19 adjusted operating profit margins by 31 March 2025. Our achievement over this period is all the more commendable as it has been reached during a time when consumer demand is under pressure from a number of external forces, which is reflected in lower customer orders.

As reported in June, we have experienced lower order quantities since early 2023 in our Everyday categories and products. Since then, as announced in our trading update, we have seen lower quantities being ordered for the forthcoming seasons, especially Christmas. Further, we have experienced some reversal in the seasonality shifts seen last year when customers had accelerated their ordering following the supply chain disruption of mid-2021, meaning that some sales have returned to the second half of our financial year. The combination of these factors, along with tender gains and losses and favourable currency movements has resulted in an almost net 15% reduction in **revenue** during the period. The decline occurred primarily in the DG Americas division, while our businesses in continental Europe drove the DG International division to overall revenue growth.

Currency exchange rates have only had a small favourable impact on these results.

The Group's **adjusted operating margin** rose from 5.9% to 8.6%, delivering $38.2 million of **adjusted operating profit** which represents a growth of over 25%. The half year profit and margin exceed pre-Covid-19 levels and are the highest experienced in the first half of any year since the CSS Industries Inc. ('CSS') acquisition in March 2020. The seasonality of our business cycle means that first-half profit and margin delivery is diluted in the second half of the year. Nevertheless, our delivery in HY2024 is an encouraging milestone in our aspiration for margin growth and recovery on a full-year basis.

This profit and margin delivery comes from concerted efforts to simplify our business models after the multiple acquisitions of the past decade and improve our operational efficiency at the same time. In addition to enhancing our sales mix following the exit from unprofitable arrangements last year, further benefits have come through improved sourcing of bought-in products. This progress is supported by the easing of some of the cost headwinds experienced in recent years, notably sea freight, though other costs such as labour continue to rise in the present inflationary environment.

Board changes

As previously announced, Paul Bal took on the Chief Executive Officer position on 1 April 2023.

Rohan Cummings was appointed Chief Financial Officer (CFO), joining the Board in July 2023. Rohan came to the Group from Devro Limited (formerly Devro plc which was listed on the LSE), a global leader in the supply of collagen casing and films, where he was the group's CFO from 2020. Rohan has extensive experience of operating in a listed environment, as well as significant commercial and strategic capabilities having worked in complex global operations.

Our strategy

In June 2022 our short-term strategic focus shifted to build a stronger management team, reduce working capital and restore margins. Good progress has been made in these areas with the aspiration for the third being to restore the Group's adjusted operating profit margin to pre-Covid-19 levels by 31 March 2025 (namely, at least 4.5%, being the proforma calculated margin including the full year equivalent of CSS following its acquisition in March 2020). We are about half-way through the journey to deliver this, and we remain confident of achieving this outcome. We further anticipate that achieving that overall margin should return the Group to its highest level of profit delivery (which was an adjusted profit before tax of c$35.8 million delivered in FY2019). Our FY2025 aspirations are sales of $825.0 million at a 5.0% adjusted operating margin.

In June this year we set out our new growth-focused strategy that will guide the Group beyond this first milestone of margin recovery. The overall aspiration of our new strategy is to deliver sustained profitable growth that is primarily driven by organic efforts; and that is underpinned by a resilient and less complex business model.

This new strategy is summarised in the chart below, first shared in our FY2023 results:

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

On launching this new strategy some months ago, we committed to sharing more details of our strategic aspirations and plans at our FY2024 interim reporting. In recent months, all of our Units have carried out detailed strategic reviews that apply our new strategic aspirations to their local setting. As expected, these reviews have identified gaps and opportunities which have been translated into initiatives to pursue by the Business Units. Some, being common themes or issues, such as more effective sourcing, will be addressed collectively through cross-Unit functional forums, leveraging the best expertise and experience available in the Group.

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

The following are the key initiatives that are being undertaken over the next three years to 31 March 2027, in line with our new strategy:

- Strategic
  - Purposeful
    - Adopting clearer category architecture and product portfolios, leveraging opportunities provided through moving into adjacent categories and product-groups to fill gaps in our offers, thereby ending up with fuller assortments in every market we serve

    - Widening our customer base, especially across Europe, whilst also further developing our business with our existing customers through presenting a wider range of offerings
    - Developing a single-enterprise culture in our more fragmented businesses so that they integrate and simplify further, and so better leverage the full extent of their resources and capabilities
  - Providing good value
    - Further entry into Value, Discounter and Club channels reflecting their increased weighting in the retail environments in all of our markets
    - Improving segmentation of our customers, especially the “long tail” of small accounts; and more appropriately segmenting our service levels and route-to-market
    - Cost optimisation in manufacturing through further site rationalisation as well as leveraging best practice followed elsewhere in the Group, combined with seeking lower-cost warehousing and domestic fulfilment opportunities
- Adaptive
  - Design-led
    - Continuing to invest in the design and development of products that reflect design trends and consumer preferences, creating unique selling propositions for our customers
    - Identifying the key brands and further licencing opportunities that best support more premiumisation in our offers
    - Improving the segmentation of our offers and service levels to provide more targeted solutions at different value propositions
  - Innovative
    - Better adoption of social-media and e-commerce to engage, market and sell to a wider audience
    - Adapting our structures and processes in response to increased centralised sourcing by some of our global customers
- Dependable
  - Resilient supply chain
    - Embarking on further near-shoring opportunities to de-risk our current supply chains, finding solutions that offer more sustainable options
  - Responsible
    - Continue to develop and sell more sustainable products, including full roll-out of Smartwrap™, and gaining further distribution of our Eco Nature™ range
    - Develop more sustainable transportation solutions for road and sea-freight
- Strong
  - Talent-rich
    - Strengthening our sales and account management skills to better serve our customers, including the provision of insights
    - Developing our category management skills to improve the presentation of our assortments to the consumer at retail, helping them to better navigate our offers
  - Flexible footprint
    - Re-designing our organisations to simplify operations, improve effectiveness, and enhance efficiency to become more competitive and more sustainable at both a local and overall Group level
- Collaborative
  - Open-minded
    - Digitise and standardise our intellectual property management processes across the Group to share and exploit the Group’s intellectual property more effectively
    - Establish a Group-wide approach to sourcing
  - Learning
    - Improving our level of knowledge in the areas of e-commerce, data-analysis, category management and selling skills
    - Investing in the continued development of our teams, especially in the commercial arena, leveraging a variety of tools and approaches

- Informed
  - Data-driven
    - Consolidating our current fragmented ERP landscapes within each business
    - Developing improved, deeper market insights to inform our focus and decision-making
  - Seasoned
    - Leveraging experience, expertise and best-practice from across the Group to fine-tune our business processes to make them more effective and efficient
    - Strengthening our key account contact teams, and better reflect the increasingly globalised approach of our biggest customers

Successful execution and delivery of these initiatives will significantly strengthen our partnership capabilities and enable our teams everywhere across the Group to deliver even more consumer-focused solutions, first to our existing and longstanding customers – helping them to continue winning at retail; and then to potential customers attracted to what we can offer and deliver. The resulting, better presented, product solutions will enhance the value of our categories in the retail-space; and through the development of more sustainable product and packaging solutions, delivered responsibly, the win will extend beyond the shoppers and consumers of our products, to our planet itself.

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

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

In future reporting we shall highlight examples of our progress and achievement against a selection of the initiatives and projects set out above.

Outlook

The current economic climate continues to create an uncertain environment for shoppers and consumers, and therefore in turn, our customers. This has been experienced in several of our markets since the start of 2023, and we expect it to continue to at least the end of our current financial year. Nevertheless, we are pleased to see our strategy of winning together with our customers succeeding in this environment, though we do detect continued overall caution in their ordering and their outlook. It remains a testament to our longstanding relationships with our customers that we see increased collaboration in navigating the uncertainty together. Our orderbook stands at 86% at the end of October 2023, compared to 92% at the end of October 2022, reflecting both these strong relationships as well as the uncertainty in the environment.

Full year profits and margins are expected to remain in line with the Board’s expectation, namely good year-on-year growth across both measures, remaining on the path to the 31 March 2025 aspiration of margin recovery to pre-Covid-19 levels of at least 4.5%. Cash flow delivery is now expected to be stronger than in the prior year. As announced in our trading update, revenue is now expected to remain below prior year as a result of the continued pressures on consumers. Offsetting the impact of this, we expect continued contribution from our efforts to build a more efficient model, unlocking synergies and trapped value.

Facing continued uncertainty over consumer demand, the Board wishes to wait before it resumes paying dividends. Greater confidence in achieving the 31 March 2025 margin aspiration, coupled with further progress with the new growth-focused strategic initiatives will bring that important milestone closer. As our strategic aspirations for the years following FY2025 form, we are becoming increasingly assured that a more resilient business model is taking shape. This is reflected in the articulation above of our financial aspirations in the next-stage of our new strategy.

Sustainability

Our approach to sustainability is underpinned by the intention to minimise our impact on the environment by leveraging our global scale, innovation, and people. As a market leader within our industry, we aim to continually evolve and adapt our products and practices into more environmentally sustainable solutions and continue to believe we have a moral as well as a commercial necessity to strive for the highest standards of ethical behaviour. We are not only driven by the aspiration to effect positive change and operate sustainably, to protect and preserve our planet for future generations, but also recognise it as a catalyst for enhancing our competitive edge.

People – Our people are key to the success of the Group, it is therefore paramount they feel valued and supported, whether it be through the recognition of performance, loyalty, or investment in their development. Training opportunities continue to be a focus around the Group to nurture both personal and professional development. Notably, our leadership development programmes for emerging leaders in DG UK and DG Americas have seen another cohort of members enrolled. Internal promotions of two DG International MDs have strengthened the Operating Board, which also improves its gender diversity. Our development and training opportunities extend beyond emerging leaders, with the DG Europe Academy internal training institute striving to develop knowledge and skills of our employees through internal and external trainers across a broad range of subjects. Following the launch of the first Group-wide employee engagement survey last year, areas for improvement have been established and actions have been identified following the feedback of results to all employees. Nonetheless, it was encouraging to see a high participation rate, with 76% of employees recommending the Group as a good employer, and employees on the whole remaining positive about their roles and the company.

Product – We recognise that the nature of our products requires us to be innovative in our design to create more sustainable solutions and collections to promote to our customers and theirs. This, in turn, enables us to support our customers and consumers in minimising the use of single-use products, those containing plastic, and products that are not recyclable. This is necessary to prevent these products from ending up as waste in landfills and thereby mitigating their contribution to global warming. The development of our shrink-free wrapping paper, Smartwrap™, has fully eliminated plastic waste through the use of recyclable paper labels. Following the successful development and launch in continental Europe, the Group is currently investigating its expansion and investing further in the technology to enable Smartwrap™ to be manufactured and sold in other markets such as the UK. This complements our Eco Nature™ range already established in the UK which has continued to perform well, and is gaining distribution.

Planet – The ambition to reduce our environmental impact is underpinned by the understanding of our carbon footprint. By the end of the year, we will endeavour to report our Group scope 1 and 2 greenhouse gas emissions which will be one of the first steps on this journey and will not only provide more clarity, but also support us in tracking and monitoring our emissions going forward in our aspirational journey to net-zero. Across the Group the local manufacture of giftwrap and bags, supported by our investment in manufacturing and technology, helps to reduce our reliance on freight and therefore our carbon footprint. This is evidenced by the climate neutral status of DG Europe gift wrap and gift bag ranges. As a testament to our efforts in DG Americas, we have achieved Walmart's Giga-Guru status for the third year in a row, recognising our collaboration with our biggest customer in the area of supply chain carbon reduction.

The Group reports our performance and progress against our key performance sustainability indicators (KPIs) which can be seen in the Sustainability report in the Annual Report and Financial Statements for 2023. In the year we will also continue to progress on our journey towards Taskforce for Climate-related Financial Disclosures (TCFD) reporting by the end of FY2024.

Regional highlights

Revenue has continued to be impacted by lower consumer demand, both realised, and anticipated for the seasonal period ahead. More resilience in continental European markets, coupled with foreign currency benefits, meant that the DG International division delivered revenue growth, though not enough to offset the decline in the DG Americas division. Both divisions grew margins as well as profits, whether through higher sales volume and improved mix, or the various initiatives to improve operational efficiency.

% Group revenue			Segmental revenue			Adjusted operating profit/(loss)			Adjusted operating margin	
			HY2024	HY2023	% growth	HY2024	HY2023	% growth	HY2024	HY2023
64%	DG Americas	$m	**282.4**	373.4	(24.4%)	**16.6**	15.2	9.0%	**5.9%**	4.1%
36%	DG International	$m	**161.7**	149.4	8.2%	**25.3**	18.4	37.5%	**15.7%**	12.3%
	Elims / Central costs	$m	-	(1.6)		**(3.7)**	(3.1)			
100%	**Total**	**$m**	**444.1**	**521.2**	**(14.8%)**	**38.2**	**30.5**	**25.6%**	**8.6%**	**5.9%**

Design Group Americas

The DG Americas division represents 64% of the Group's revenue. It experienced more than a 24% decline in **revenue** in the period, to $282.4 million driven by a number of factors. The largest factor was reduced consumer demand experienced since the start of 2023. Initially this was experienced in the Everyday categories and products, but since the summer it has also been felt through reduced ordering by our customers in anticipation of reduced consumer demand in the coming seasons, especially Christmas 2023. The reduction therefore impacts across all categories, but understandably the most impacted were Celebrations (in particular "trim-a-package", décor and cards), Craft and Creative Play (mainly creative play products, as pure craft lines proved resilient) and Stationery. Given the driver of lower consumer demand, this reduction occurred across almost all customers. Other drivers of the decline were some reversion of the timing of orders to more traditional seasonality, and net losses from competitive tendering.

As previously reported, since early 2022 the DG Americas team have been focused on the turnaround of their business to drive simplification and deliver improved operational efficiency. Through this work they are also unlocking further synergies resulting from the acquisitions of the past decade, for example in this period six sites have been completely vacated. The main contribution from these initiatives comes from lower headcount, more efficient sourcing and distribution, as well as the impact of prior year "catch-up" pricing. The division also benefited from better sourcing of bought-in products as well as some improvement in sea freight in the period. The combination of these factors more than offset the impact of the lower revenue. Therefore, despite the lower revenues, the division delivered solid **adjusted operating profit** growth, up 9.0% to $16.6 million, representing an **adjusted operating margin** improvement of 180 basis points to 5.9%.

With a recently strengthened leadership team, the division sees further opportunities for simplification and greater efficiency. It is also reallocating resource to further develop its commercial capabilities, to complement its design and innovation strengths, in order to become more competitive and return the division to profitable revenue growth.

Design Group International

The DG International division experienced an increase in **revenue** of over 8% to $161.7 million. Growth centred in continental Europe where the consumer has thus far been more resilient than in our other markets. It is also where we are most successfully winning alongside our key customers as we help them gain retail-share, especially in Celebrations (mainly giftwrap) and Giftware (mainly frames). Further benefit was derived from favourable currency movements, which more than offset small continued decline in the UK and, more recently in Australia, where consumer sentiment has softened following a number of interest rate increases.

Adjusted operating profit rose over 37% to $25.3 million. This represents an **adjusted operating margin** of 15.7%, up an outstanding 340 basis points. Whilst raising our prices has proved extremely challenging in the present environment, and some costs such as labour continue to rise, we have benefited from reduction in other costs such as sea freight, as well as better sourcing of bought-in products. Our product mix also improved.

The DG UK team is making good progress to address the more challenging consumer sentiment in the UK market and its reorganisation is also progressing well. In the period, we have seen a small reduction in revenue, but a rise in absolute profit driven by a focus on increasing both efficiency and effectiveness, to thereby become more competitive in the tough retail environment. A notable achievement in the period is the successful collaboration with a key customer, Tesco, in the development of its Paperchase range of products since its acquisition of the brand earlier this year.

In continental Europe our innovative Smartwrap™ shrink-free giftwrap solution is fast gaining traction, with over half of our customers now stocking it. Besides its obvious sustainability credentials, it offers a more appealing product in-store to consumers. The teams in these markets are also broadening their categories, especially in the areas of home décor and stationery, and expanding warehousing facilities.

Our products, brands and channels

The Group continues to offer a diverse, yet complementary, product portfolio, providing our customers with a one-stop-shop product and service solution. This underpins the Group's strategy to be a partner of choice for our customers.

Revenue by product category	HY2024		HY2023	
Celebrations	**63%**	$278.5m	64%	$333.4m
Craft & creative play	**15%**	$67.9m	15%	$80.0m
Gifting	**11%**	$49.2m	9%	$45.4m
Not-for-resale consumables	**7%**	$30.3m	6%	$33.5m
Stationery	**4%**	$18.2m	6%	$28.9m
Total		**$444.1m**		**$521.2m**

Celebrations continue to be the leading category for the Group, consisting mostly of gift packaging and seasonal décor. This category has been affected by the fall in seasonal demand this year in DG Americas, yet still makes up 63% of sales in the period. Craft sales have stabilised this year following the normalisation from Covid-19 pandemic lockdown highs, however creative play sales have decreased due to lower order volumes from our customers in the period. Despite the fall in Group sales, our Gifting category remained resilient in the current environment with strong frame sales, which are 30% up in the period, mostly in continental Europe.

Revenue by season	HY2024		HY2023	
Christmas	**50%**	$223.3m	50%	$258.8m
Minor seasons	**4%**	$19.2m	5%	$26.6m
Everyday	**46%**	$201.6m	45%	$235.8m
Total		**$444.1m**		**$521.2m**

Given that the decline in revenue in some of our markets has been in both Everyday products and the seasonal ranges, our mix of revenue by season has broadly stayed in line with the prior period.

Revenue by customer channel	HY2024		HY2023	
Value & Mass	**72%**	$317.6m	71%	$369.3m
Independents	**16%**	$71.4m	16%	$84.2m
Specialists	**10%**	$46.6m	12%	$60.8m
Online	**2%**	$8.5m	1%	$6.9m
Total		**$444.1m**		**$521.2m**

Our distribution of revenue by channel has remained consistent with the prior period, with no specific channel experiencing a disproportionately significant impact compared to the others, with all channels apart from Online facing a 15-25% decline in line with the overall pressure on revenue.

Revenue by brand	**HY2024**		**HY2023**	
Licensed	**10%**	$45.2m	9%	$47.6m
Customer own brand / bespoke	**55%**	$243.1m	60%	$312.1m
DG brand	**35%**	$155.8m	31%	$161.5m
Total		**$444.1m**		**$521.2m**

The reduction in customer own branded sales reflects the adverse DG Americas seasonal revenue dynamics mainly in the Celebrations category.

Detailed financial review

The Group's financial results for the first six months of the year are summarised below.

	HY2024			HY2023		
	Reported $m	Adjusting items $m	Adjusted $m	Reported $m	Adjusting items $m	Adjusted $m
Revenue	**444.1**	-	**444.1**	**521.2**	-	**521.2**
Gross profit	93.0	0.4	93.4	86.6	-	86.6
Overheads	(55.5)	0.3	(55.2)	(51.5)	(4.6)	(56.1)
Operating profit	37.5	0.7	38.2	35.1	(4.6)	30.5
Finance charge	(3.4)	-	(3.4)	(3.1)	-	(3.1)
Profit before tax	34.1	0.7	34.8	32.0	(4.6)	27.4
Tax	(9.5)	(0.2)	(9.7)	(8.5)	1.2	(7.3)
Profit after tax	**24.6**	**0.5**	**25.1**	**23.5**	**(3.4)**	**20.1**
Operating profit	37.5	0.7	38.2	35.1	(4.6)	30.5
Depreciation and impairment of PPE and software	6.9	-	6.9	7.5	-	7.5
Depreciation and impairment of right of use assets	7.6	0.6	8.2	8.8	-	8.8
Acquisition amortisation	0.9	(0.9)	-	1.4	(1.4)	-
EBITDA	**52.9**	**0.4**	**53.3**	**52.8**	**(6.0)**	**46.8**
Diluted EPS	24.4c	0.6c	25.0c	23.1c	(3.5c)	19.6c
Basic EPS	24.6c	0.6c	25.2c	23.1c	(3.5c)	19.6c

Revenue for the period decreased by 15% to $444.1 million (HY2023: $521.2 million) driven by reduced order quantities guided by lower customer expectations, especially of the forthcoming Christmas season, as well as lower consumer demand for Everyday products in some markets, the normalisation of seasonal ordering, and net losses from competitive tendering. The Group revenues, when assessed in constant currency terms, decreased 16% year-on-year with foreign exchange having a small positive impact on the year-on-year perspective.

Adjusted operating profit has improved year-on-year to $38.2 million (HY2023: $30.5 million) with **adjusted gross margin** at 21.0% (HY2023: 16.6%). This improvement reflects the benefits of efforts to simplify our business models and improving operational efficiency. The improvement is also helped by the better sourcing of bought-in products, the easing of some cost headwinds experienced in recent years, notably sea freight. **Adjusted overheads** as a percentage of revenue increased to 12.4% (HY2023: 10.8%) reflecting the increased cost of labour offset only in part by the ongoing efforts to manage costs across the Group.

Overall, the Group finished the half year with **adjusted profit before tax** of $34.8 million (HY2023: $27.4 million), and a reported **profit before tax** of $34.1 million (HY2023: $32.0 million). **Profit before tax** is marginally lower than the **adjusted profit before tax**, reflecting the adjusting items net charge. Further details of the adjusting items are detailed below. **Profit after tax** is $24.6 million (HY2023: $23.5 million) for the six months to 30 September 2023.

Finance expenses

Finance costs in the year of $3.4 million are higher than prior year (HY2023: $3.1 million) driven by significantly higher interest rates in this half year when compared to the same period last year. The higher finance costs have been largely mitigated by lower average net debt levels.

Adjusting items

Adjusting items are material items of an unusual or non-recurring nature which represent gains or losses which are separately presented by virtue of their nature, size and/or incidence. The Group's adjusting items in the period to 30 September 2023 total a net debit of $0.7 million compared to a net credit of $4.6 million in the prior year. Details of these items can be seen below.

Adjusting items	HY2024 $m	HY2023 $m
Acquisition integration and restructuring income	(0.2)	(4.4)
Amortisation of acquired intangibles	0.9	1.4
(Gains)/losses and transaction costs relating to acquisitions and disposals of businesses	—	(1.5)
IT security incident	—	(0.1)
Total	**0.7**	**(4.6)**

Acquisition integration and restructuring income – $0.2 million

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 HY2024 relate to the reorganisation and business simplification in DG Americas as follows:

Reversal of impairment: Following the integration of some of DG America's 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 30 September 2023, the landlord re-acquired a portion of the impaired site resulting in a reversal of impairment of $0.6 million.

DG Americas business reorganisation: In the period ended 30 September 2023 further restructuring costs, relating to staff, of $0.4 million have been recognised in DG Americas. This follows the announcement in March 2023 of further business reorganisation.

Amortisation of acquired intangibles – $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, as such these are included in adjusting items. These include tradenames and brands acquired as part of the acquisitions of Impact, with the tradenames and brands related to CSS fully amortised in the prior year.

Taxation

The taxation charge for the half year on **profit before tax** is $9.5 million (HY2023: $8.5 million) with the effective tax rate at 27.9% (HY2023: 26.3%). The taxation charge on **adjusted profit before tax** is $9.7 million (HY2023: $7.3 million) with the effective tax rate at 27.8% (HY2023: 26.5%).

There is a higher effective tax rate in each jurisdiction than the relevant statutory rate due to permanently disallowable items. The effective tax rate in the UK is 0% as deferred tax is not recognised. The changes in profit mix across the various territories, together with the impact of unrecognised deferred tax on assessed losses in the UK territory, are the main drivers that impact the effective tax rate.

Earnings per share

Adjusted diluted earnings per share of 25.0 cents (HY2023: 19.6 cents) is 28% higher year-on-year driven by the increased profits. **Diluted earnings per share** is 24.4 cents (HY2023: 23.1 cents) which is lower than adjusted diluted earnings per share reflecting the small adjusting items charge in the period. The reconciliation between reported and adjusted diluted earnings per share is shown in the table above.

Dividend

The Board are not recommending an interim dividend.

Cash flow and net debt

The Group ended the period with a net debt balance of $15.1 million (HY2023: $73.7 million), $58.6 million lower than the same period in the prior year. This is particularly significant given the prior year benefited from proceeds from the sale of properties. The year-on-year progress is mainly reflective of both the higher opening net cash position of $50.5 million (HY2023: $30.2 million) as well as improvements in working capital outflows.

Cash flow	**HY2024 $m**	**HY2023 $m**
Adjusted EBITDA	53.3	46.8
Add back for share-based payment charge	0.6	0.3
Movements in working capital	(99.5)	(136.3)
Adjusted cash used by operations	**(45.6)**	**(89.2)**
Adjusting items within cash utilised by operations	(1.8)	(1.0)
Cash used by operations	**(47.4)**	**(90.2)**
Adjusting items within investing and financing activities	—	8.2
Capital expenditure (net of disposals of property, plant and equipment)	(5.2)	(3.2)
Acquisition of non-controlling interest	—	(3.0)
Tax paid	(1.3)	(3.1)
Interest paid	(2.3)	(2.3)
Lease liabilities principal repayments	(9.7)	(10.8)
Dividends paid (including those paid to non-controlling interests)	—	(2.6)
Purchase of own shares	—	(0.9)
FX and other	0.3	4.0
Movement in net debt	**(65.6)**	**(103.9)**
Opening net cash	50.5	30.2
Closing net debt	**(15.1)**	**(73.7)**

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 $99.5 million (HY2023: $136.3 million), a $36.8 million improvement on the prior year. This is largely due to better working capital management across the Group as well as the impacts of the lower volumes in DG Americas.

Adjusting items

During the period there was a $1.8 million net cash outflow (HY2023: $7.2 million inflow) in relation to adjusting items, of which $1.4 million outflow related to costs incurred in previous years. Further detail on adjusting items can be seen above.

Capital expenditure

Capital expenditure in the period was higher than the prior year at $5.2 million (HY2023: $3.2 million) reflecting strategic investment in sustainable Smartwrap™ technology, as well as nearshoring and consolidation of our sites.

Foreign exchange exposure management

Our foreign exchange ('FX') exposure is split into two areas:

Translational FX exposure – This 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. The Group's reporting currency is US dollars in light of the fact that a significant proportion of the Group's revenues and profits are in US dollars. There remains a smaller part of the Group whose functional currency is something other than US dollars. The constant currency results recalculate the prior year based on the exchange rates of the current period to enhance the comparability of information between reporting periods. The **revenue** decrease would have been $6.3 million more than prior year if a consistent currency was applied. and the increase in **adjusted profit before tax** would have been $0.6 million lower.

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

Financial position and going concern basis

The Group's net assets at 30 September 2023 were $355.6 million which is $15.9 million lower than last year (HY2023: $371.5 million).

As at the 30 September 2023 balance sheet date, the Directors have assessed going concern in preparation of these financial statements and the outlook for FY2024 and beyond. The Directors are of the opinion the Group has adequate liquidity at the half year with a net debt position of $15.1 million ($7.3 million of cash and $24.0 million of asset backed lending reduced by $1.6 million of facility arrangement fees).

The Directors of the Group have performed an assessment of the overall position and future forecasts for the purposes of going concern. Going concern forecasts have been produced using the Group's FY2024 and FY2025 forecasts and plans. These forecasts have been produced and 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 continued pressures on demand in the US market, beyond those risks already factored into the

budgets and plans. The base forecasts and additional sensitivity analysis have been tested against the facility limits and covenants. The analysis demonstrated to the Directors that the Group has sufficient headroom for the Group 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.

Risk

The Group operates a decentralised model where risk management is embedded within strategic and operational decision making, with an overarching role played by the Group team and the Board to ensure oversight in the risk management process.

The following risks are no longer recognised as principal risks for the Group: Financing capacity due to the strong cash flows and profit and margin recovery, coupled with the secured financing arrangement; Manufacturing operations as the essence of this risk is now covered in the strategy and supply chain and sourcing risks; Acquisition investment given the reduced M&A agenda. The risk management framework, along with the remaining principal risks and uncertainties faced by the Group, remain in line with those set out on pages 50 to 55 of our annual report and financial statements 2023.

The key risks for the Group at present continue to be: Strategy, macroeconomic uncertainty, and consumers. Given the journey we are on to address the Group strategy, this risk remains more important than ever to ensure sustainable profit growth is achieved. Macroeconomic uncertainty continues to be high following the succession of geopolitical events impacting our business across our suppliers, customers, consumers and workforce. Similarly, the high inflationary environment and cost-of-living crisis is creating a heightened Consumer risk given the risk of depressed consumer sentiment across our markets, despite the Group focus on working together with the winning retailers.

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.

Approved on behalf of the Group Board by Rohan Cummings.

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 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
- **Adjusted diluted 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

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

CONDENSED CONSOLIDATED INCOME STATEMENT
SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	**Unaudited six months ended 30 Sep 2023 $000**	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Revenue	2	**444,050**	521,184	890,309
Cost of sales		**(351,069)**	(434,575)	(758,569)
Gross profit		**92,981**	86,609	131,740
Selling expenses		**(22,168)**	(23,216)	(47,097)
Administration expenses – costs		**(33,885)**	(35,098)	(75,112)
Administration expenses – impairment of goodwill		**—**	—	(29,100)
Other operating income	5	**522**	2,107	2,951
Profit on disposal of property, plant and equipment	2	**24**	4,721	4,595
Profit/(loss) on disposal of leases		**27**	(73)	—
Operating profit/(loss)	3	**37,501**	35,050	(12,023)
Finance expenses		**(3,448)**	(3,125)	(6,873)
Profit/(loss) before tax		**34,053**	31,925	(18,896)
Income tax charge	6	**(9,485)**	(8,399)	(7,563)
Profit/(loss) for the period		**24,568**	23,526	(26,459)
Attributable to:				
Owners of the Parent Company		**23,911**	22,754	(27,987)
Non-controlling interests		**657**	772	1,528

Earnings/(loss) per ordinary share

	Note	**Unaudited six months ended 30 Sep 2023**	Unaudited six months ended 30 Sep 2022	Twelve months ended 31 Mar 2023
Basic	9	**24.6c**	23.1c	(28.6c)
Diluted	9	**24.4c**	23.1c	(28.6c)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 SEPTEMBER 2023

	Unaudited six months ended 30 Sep 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Profit/(loss) for the period	**24,568**	23,526	(26,459)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension and health benefit schemes	**—**	—	(37)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations	**(186)**	24,790	10,621
Transfer to profit and loss on maturing cash flow hedges	**139**	(753)	(683)
Net unrealised (loss)/gain on cash flow hedges	**(407)**	(513)	419
Income tax relating to these items	**—**	—	—
	(454)	23,524	10,357
Other comprehensive (expense)/income for the period, net of tax	**(454)**	23,524	10,320
Total comprehensive income/(expense) for the period, net of tax	**24,114**	47,050	(16,139)
Attributable to:			
Owners of the Parent Company	**23,713**	47,136	(17,024)
Non-controlling interests	**401**	(86)	885
	24,114	47,050	(16,139)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 1 April 2023	6,059	214,845	40,069	38	(1,198)	68,033	327,846	6,530	334,376
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)	(1,125)	92,522	348,659	6,931	355,590

SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to the owners of the Parent Company								
	Share capital $000	Share premium and capital redemption reserve $000	Merger reserve $000	Hedging reserve $000	Translation reserve $000	Retained earnings $000	Shareholders' equity $000	Non-controlling interests $000	Total $000
At 1 April 2022	6,373	228,143	42,549	299	(12,459)	96,806	361,711	7,999	369,710
Profit for the period	—	—	—	—	—	22,754	22,754	772	23,526
Other comprehensive income/(expense)	—	—	—	(1,295)	25,677	—	24,382	(858)	23,524
Total comprehensive income/(expense) for the period	—	—	—	(1,295)	25,677	22,754	47,136	(86)	47,050
Change in ownership interest									
Options over non-controlling interest	—	—	—	—	—	3,069	3,069	—	3,069
Acquisition of non-controlling interest	—	—	—	—	—	(3,558)	(3,558)	607	(2,951)
Transactions with owners in their capacity as owners									
Equity-settled share-based payments	—	—	—	—	—	283	283	—	283
Purchase of own shares	—	—	—	—	—	(865)	(865)	—	(865)
Options exercised	51	—	—	—	—	(51)	—	—	—
Equity dividends paid	—	—	—	—	—	—	—	(2,616)	(2,616)
Exchange differences on opening balances	(969)	(34,738)	(6,479)	—	—	—	(42,186)	—	(42,186)
At 30 September 2022	5,455	193,405	36,070	(996)	13,218	118,438	365,590	5,904	371,494

YEAR ENDED 31 MARCH 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 1 April 2022	6,373	228,143	42,549	299	(12,459)	96,806	361,711	7,999	369,710
Loss for the year	—	—	—	—	—	(27,987)	(27,987)	1,528	(26,459)
Other comprehensive income/(expense)	—	—	—	(261)	11,261	(37)	10,963	(643)	10,320
Total comprehensive (expense)/income for the year	—	—	—	(261)	11,261	(28,024)	(17,024)	885	(16,139)
Change in ownership interest									
Options over non-controlling interest	—	—	—	—	—	3,069	3,069	—	3,069
Acquisition of non-controlling interest	—	—	—	—	—	(3,558)	(3,558)	607	(2,951)
Transactions with owners in their capacity as owners									
Equity-settled share-based payments	—	—	—	—	—	656	656	—	656
Purchase of own shares	—	—	—	—	—	(865)	(865)	—	(865)
Options exercised	51	—	—	—	—	(51)	—	—	—
Equity dividends paid	—	—	—	—	—	—	—	(2,961)	(2,961)
Exchange differences on opening balances	(365)	(13,298)	(2,480)	—	—	—	(16,143)	—	(16,143)
At 31 March 2023	6,059	214,845	40,069	38	(1,198)	68,033	327,846	6,530	334,376

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 2023

	Note	**Unaudited as at 30 Sep 2023 $000**	Unaudited as at 30 Sep 2022 $000	As at 31 Mar 2023 $000
Non-current assets				
Property, plant and equipment		**66,961**	71,803	70,306
Intangible assets		**69,469**	98,460	71,325
Right-of-use assets		**62,106**	74,025	69,332
Long-term assets		**5,236**	5,839	5,647
Deferred tax assets		**12,164**	8,159	15,401
Total non-current assets		**215,936**	258,286	232,011
Current assets				
Asset held for sale		**1,612**	—	—
Inventory		**218,794**	264,769	206,426
Trade and other receivables		**252,343**	265,998	92,402
Income tax receivable		**1,964**	1,223	2,428
Derivative financial assets	10	**664**	502	340
Cash and cash equivalents	7	**71,566**	83,396	85,213
Total current assets		**546,943**	615,888	386,809
Total assets	2	**762,879**	874,174	618,820
Non-current liabilities				
Loans and borrowings	8	**(1,005)**	(317)	—
Lease liabilities		**54,836**	66,322	62,717
Deferred income		**1,930**	463	2,038
Provisions		**2,985**	4,803	5,474
Other financial liabilities		**14,082**	17,827	19,071
Deferred tax liabilities		**163**	194	221
Total non-current liabilities		**72,991**	89,292	89,521
Current liabilities				
Bank overdraft	7	**64,261**	69,122	34,979
Loans and borrowings	8	**23,397**	88,274	(250)
Lease liabilities		**15,988**	18,234	17,470
Deferred income		**437**	1,681	263
Provisions		**3,626**	1,205	1,339
Income tax payable		**11,531**	4,660	6,918
Trade and other payables		**177,463**	188,690	92,977
Other financial liabilities		**37,595**	41,522	41,227
Total current liabilities		**334,298**	413,388	194,923
Total liabilities	2	**407,289**	502,680	284,444
Net Assets		**355,590**	371,494	334,376
Equity				
Share capital		**5,996**	5,455	6,059
Share premium		**210,331**	191,912	213,187
Capital redemption reserve		**1,636**	1,493	1,658
Merger reserve		**39,532**	36,070	40,069
Hedging reserve		**(233)**	(996)	38
Translation reserve		**(1,125)**	13,218	(1,198)
Retained earnings		**92,522**	118,438	68,033
Equity attributable to owners of the Parent Company		**348,659**	365,590	327,846
Non-controlling interests		**6,931**	5,904	6,530
Total equity		**355,590**	371,494	334,376

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	**Unaudited six months ended 30 Sep 2023 $000**	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Cash flows from operating activities				
Profit/(loss) for the period		**24,568**	23,526	(26,459)
Adjustments for:				
Depreciation and impairment/(reversal of impairment) of property, plant and equipment		**6,159**	6,384	12,532
Depreciation and impairment/(reversal of impairment) of right-of-use assets		**7,626**	8,862	18,471
Amortisation of intangible assets		**1,603**	2,477	4,817
Goodwill impairment		**—**	—	29,100
Finance expenses		**3,448**	3,125	6,873
Income tax charge		**9,485**	8,399	7,563
Profit on disposal of property, plant and equipment		**(24)**	(4,721)	(4,595)
(Profit)/loss on disposal of leases		**(27)**	73	—
Equity-settled share-based payments - expense/(income)		**630**	312	805
Add back income from insurance settlement		**—**	—	(1,500)
Operating profit after adjustments for non-cash items		**53,468**	48,437	47,607
Change in trade and other receivables		**(163,254)**	(146,837)	36,929
Change in inventory		**(14,596)**	(48,061)	17,790
Change in trade and other payables, provisions and deferred income		**76,974**	57,779	(43,352)
Cash (used by)/generated from operations		**(47,408)**	(88,682)	58,974
Tax paid		**(1,272)**	(3,092)	(7,307)
Interest and similar charges paid		**(2,267)**	(2,326)	(5,270)
Net cash (outflow)/inflow from operating activities		**(50,947)**	(94,100)	46,397
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment		**42**	6,839	6,809
Acquisition of intangible assets		**(93)**	(16)	(368)
Acquisition of property, plant and equipment		**(5,123)**	(3,286)	(5,459)
Proceeds from insurance settlement		**—**	—	1,500
Net cash (outflow)/inflow from investing activities		**(5,174)**	3,537	2,482
Cash flows from financing activities				
Acquisition of non-controlling interest		**—**	(2,951)	(2,951)
Purchase of own shares		**—**	(865)	(865)
Net movement in credit facilities		**24,000**	88,908	—
Lease liabilities principal repayments		**(9,666)**	(10,848)	(20,428)
Loan arrangement fees		**(1,873)**	(1,079)	(1,079)
Dividends paid to non-controlling interest		**—**	(2,616)	(2,961)
Net cash inflow/(outflow) from financing activities		**12,461**	70,549	(28,284)
Net (decrease)/increase in cash and cash equivalents		**(43,660)**	(20,014)	20,595
Cash and cash equivalents and bank overdrafts at beginning of the period		**50,234**	29,799	29,799
Effect of exchange rate fluctuations on cash held		**731**	4,489	(160)
Cash and cash equivalents and bank overdrafts at end of the period	7	**7,305**	14,274	50,234

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 SEPTEMBER 2023

1. Accounting policies

Basis of preparation

The 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 2023 were approved by the board of directors on 19 June 2023 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.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards (UK IFRS), with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK IFRS in its consolidated financial statements on 1 April 2021. This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2023 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 2023, 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.

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 this report, based on an assessment of the overall position and future forecasts for the going concern period. This assessment has also considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and ability to appropriately manage any business risks.

On 5 June 2023, the business entered into a new banking facility with HSBC and NatWest bank as part of a three-year deal to meet the funding requirements of the Group. This facility comprises an Asset Backed Lending (ABL) arrangement with a maximum facility amount of $125.0 million. On 3 November 2023 the Group made an operational amendment to the ABL arrangement and signed a supplemental agreement with an option to access a £17.0 million RCF facility over a two month period. This amendment offers flexibility during the months where the Group has a requirement for funding while having limited access into the ABL. Cash balances, borrowing and the financial covenants applicable to the facility are detailed in notes 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 have 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 2025. These forecasts reflect the fact that the Group has now returned to profitability and continues the journey to more robust performance, growing profitability and margins as a result. They also reflect the seasonal operating cycle of the business and further recovery associated with the DG Americas plan.

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

- the potential impact of a significant disruption in one of our major customer's business, reflected in a c$20-$25 million reduction in sales performance and related cash and working capital impacts; and
- the potential impact of further effects of inflation on disposable incomes and therefore demand for products in the DG Americas business segments, reflected in a c$65-$75 million reduction of sales.

In the severe but plausible scenario modelled there remains adequate headroom in our forecast liquidity, and under all 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.

New and amended standards

On 23 May 2023, the IASB issued narrow-scope amendments to IAS 12. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments to IAS 12 are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', including the requirement to disclose the fact that the exception has been applied if the entity's income taxes will be affected by enacted or substantively enacted tax law that implements the OECD's Pillar two model rules. This amendment has not yet been endorsed by the UK endorsement
Board. However, the group has developed an accounting policy on the recognition of deferred taxes arising from the Pillar two model rules where no deferred taxes are provided.

2. Segmental information

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

The business operates under two reporting segments which are reported to, and evaluated by, the Chief Operating Decision Makers for the Group. The DG Americas segment includes overseas operations in Asia, Australia, 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 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 expenses				(3,448)
Income tax				(9,485)
Profit for the six months ended 30 September 2023				**24,568**
Balances at 30 September 2023				
Segment assets	**468,822**	**249,221**	**44,836**	**762,879**
Segment liabilities	**(241,203)**	**(137,278)**	**(28,808)**	**(407,289)**
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.

	DG Americas[a] $000	DG International $000	Central & eliminations $000	Group $000
Six months ended 30 September 2022				
Revenue – external	373,417	147,767	—	521,184
– inter-segment	—	1,671	(1,671)	—
Total segment revenue	373,417	149,438	(1,671)	521,184
Segment profit/(loss) before adjusting items	**15,199**	**18,408**	**(3,154)**	**30,453**
Adjusting items (note 3)	4,597	—	—	4,597
Operating profit/(loss)	19,796	18,408	(3,154)	35,050
Finance expenses				(3,125)
Income tax				(8,399)
Profit for the six months ended 30 September 2022				**23,526**
Balances at 30 September 2022				
Segment assets	513,678	286,517	73,979	874,174
Segment liabilities	(260,029)	(158,811)	(83,840)	(502,680)
Capital expenditure additions				
– property, plant and equipment	1,558	1,705	23	3,286
– intangible assets	2	14	—	16
– right-of-use assets	431	46	24	501
Depreciation – property, plant and equipment	3,689	2,688	7	6,384
Amortisation – intangible assets	2,402	75	—	2,477
Depreciation – right-of-use assets	6,335	2,521	6	8,862
Profit on disposal of property, plant and equipment[b]	4,641	80	—	4,721

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

(b) Includes $4.6 million relating to the profit on sale of a property owned by the Group in Manhattan, Kansas; see note 3.

	DG Americas[a] $000	DG International $000	Central & eliminations $000	Group $000
Year ended 31 March 2023				
Revenue – external	592,954	297,355	—	890,309
– inter-segment	—	2,283	(2,283)	—
Total segment revenue	592,954	299,638	(2,283)	890,309
Segment profit/(loss) before adjusting items	2,918	19,827	(6,696)	16,049
Adjusting items (note 3)	1,701	(29,773)	—	(28,072)
Operating (loss)/profit	4,619	(9,946)	(6,696)	(12,023)
Finance expenses				(6,873)
Income tax				(7,563)
Loss for the year ended 31 March 2023				(26,459)
Balances at 31 March 2023				
Segment assets	370,276	201,650	46,894	618,820
Segment liabilities	(156,053)	(96,588)	(31,803)	(284,444)
Capital expenditure additions				
– property, plant and equipment	2,452	2,941	66	5,459
– intangible assets	331	37	—	368
– right-of-use assets	727	4,094	24	4,845
Depreciation – property, plant and equipment	7,291	5,226	15	12,532
Amortisation – intangible assets	4,673	144	—	4,817
Impairment – intangible assets	—	29,100	—	29,100
Depreciation – right-of-use assets	12,615	5,090	9	17,714
Impairment – right-of-use assets	757	—	—	757
Profit on disposal of property, plant and equipment[b]	4,493	102	—	4,595

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

(b) Includes $4.6 million relating to the profit on sale of a property owned by the Group in Manhattan, Kansas; see note 3.

Total administration expenses are $33.9 million (HY2023: $35.1 million; FY2023: $104.2 million which included $29.1 million goodwill impairment). The release of previous slow moving and obsolete inventory is $3.4 million (HY2023: $2.6 million; FY2023: $6.3 million).

3. Operating profit and adjusting items

	Unaudited six months ended 30 Sep 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Operating profit analysed as:			
Adjusted operating profit	**38,243**	30,453	16,049
Adjusting items	**(742)**	4,597	(28,072)
Operating profit	**37,501**	35,050	(12,023)

Adjusting items

Six months ended 30 September 2023	**Cost of sales $000**	**Admin expenses - costs $000**	**Other operating income $000**	**Profit on disposal of property, plant & equipment $000**	**Admin expenses - other $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**

Six months ended 30 September 2022	Cost of sales $000	Admin expenses - costs $000	Other operating income $000	Profit on disposal of property, plant and equipment $000	Admin expenses - impairment of goodwill $000	Total $000
Acquisition integration and restructuring costs/(income)[1]	—	235	—	(4,608)	—	(4,373)
Amortisation of acquired intangibles[2]	—	1,418	—	—	—	1,418
Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses[3]	—	—	(1,500)	—	—	(1,500)
IT security incident income [4]	—	(142)	—	—	—	(142)
Adjusting items	—	1,511	(1,500)	(4,608)	—	(4,597)

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

Adjusting items are separately presented by virtue of their nature, size and/or incidence (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/(income)

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

Reversal of impairment: Following the integration of DG Americas' sites in FY2021, a portion of a leased site in Budd Lake, New Jersey was exited, and the right-of-use asset was impaired. In the period ended 30 September 2023, the landlord reacquired a portion of the impaired site resulting in a reversal of impairment of $0.6 million.

DG Americas business reorganisation: In the period ended 30 September 2023 further restructuring costs, relating to staff, of $0.4 million (FY2023: $0.8 million) have been recognised in DG Americas. This follows the announcement in March 2023 of further business reorganisation. Similarly, in March 2023 the UK business internally announced a business simplification in light of the downturn of the UK market outlook, resulting in the recognition of one-off restructuring costs of $0.7 million in FY2023.

Site closures: In FY2023, a property in Manhattan, Kansas was sold for proceeds of $6.7 million resulting in a profit on disposal of $4.6 million recognised as an adjusting item. Additionally, in FY2023 costs of $0.3 million (HY2023: $0.2 million) were incurred in relation to the relocation and closure of these sites, as well as the consolidation of other US sites.

(2) Amortisation of acquired intangibles

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

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

Costs directly associated with acquisitions, including legal and advisory fees on deals, form part of our reported results on an IFRS basis. These costs, however, in the Board's view, form part of the capital transaction, and as they are not attributed to investment value under IFRS 3, they are included as an adjusting item. Similarly, where acquisitions have employee related payments (exclusive of Long Term Incentive Plans) which lock in and incentivise legacy talent, we also include these costs as adjusting items. Furthermore, gains or losses on the disposal of businesses, including any transaction costs associated with the disposal, are treated as adjusting items.

In FY2023 $1.5 million (HY2023: $1.5 million) of insurance income was received in relation to the Impact Innovations, Inc (Impact) Representations and Warranties insurance settlement in connection with accounting and tax issues present at acquisition in August 2018.

(4) IT security incident income

The IT security incident which occurred in DG Americas in October/November 2020 resulted in one-off costs of $2.2 million being incurred during the year ended 31 March 2021. This did not include the lost profits incurred as a result of downtime in the business for which an insurance claim was made. In FY2023 further insurance income was received of $142,000 (HY2023: $142,000) in relation to this incident. The treatment of this income as adjusting, follows the previous treatment of the one-off costs as adjusting.

(5) Goodwill impairment

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

This was following the deterioration of the result experienced in UK and Asia CGU, especially in the second half of FY2023, the longer-term impacts on the forecasts for future cash flows have resulted in an impairment. The calculation was further exacerbated by the significant increase in the discount rate, mainly as a result of higher interest rates.

(6) Reversal of impairment of assets

At the onset of the Covid-19 pandemic a review of inventory, trade receivables and fixed assets was undertaken. Inventories were assessed at 31 March 2020 for the net realisable value and an impairment of $7.4 million was recognised. Trade receivables were assessed for their expected credit loss in line with IFRS 9 and an impairment of $3.8 million was recognised. The UK's bag line machines were impaired by $348,000 based on expected future cash flows associated with the 'Not-for-resale' consumables business.

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

The cash flow effect of adjusting items

There was a $1.8 million net outflow in the current period's cash flow (HY2023: $7.2 million net inflow, FY2023: $6.9 million net inflow) relating to adjusting items which included $1.4 million outflow (HY2023: $919,000, FY2023: $1.1 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 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Charge in relation to the 2020-2022 LTIP scheme	**—**	166	166
Charge in relation to the 2022-2025 LTIP scheme	**452**	117	490
Charge in relation to the 2023-2026 LTIP scheme	**147**	—	—
Equity-settled share-based payments charge	**599**	283	656
Social security charge	**31**	29	149
Total equity-settled share-based payments charge	**630**	312	805

In August 2023, the 2023-2026 LTIP was granted. The 2023-2026 LTIP 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 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Grant income received	**105**	40	111
Sub-lease rental income	**352**	567	1,253
Other	**65**	—	87
Other operating income before adjusting items	**522**	607	1,451
Adjusting items (note 3)	**—**	1,500	1,500
Total other operating income	**522**	2,107	2,951

6. Taxation

Recognised in the income statement

	Unaudited six months ended 30 Sep 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Current tax charge			
Current income tax charge	6,351	648	6,975
Deferred tax charge			
Origination and reversal of temporary differences	3,134	7,751	588
Total tax in the income statement	9,485	8,399	7,563
Total tax charge/(credit) on adjusting items			
Total tax on profit before adjusting items	9,670	7,250	7,806
Total tax on adjusting items	(185)	1,149	(243)
Total tax in the income statement	9,485	8,399	7,563

The tax expense has been calculated by applying the effective rate of tax which is expected to apply for the year ended 31 March 2024 by jurisdiction, using rates substantively enacted by 30 September 2023. 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.

On 20 June 2023, legislation in respect of Pillar Two was substantively enacted in the UK, Finance (No.2) Act 2023, to apply for financial years beginning on or after 31 December 2023. The Group is in the process of undertaking an impact assessment. The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

7. Cash and cash equivalents/bank overdrafts

	Unaudited six months ended 30 Sep 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Cash and cash equivalents	**71,566**	83,396	85,213
Bank overdrafts	**(64,261)**	(69,122)	(34,979)
Cash and cash equivalents and bank overdrafts per cash flow statement	**7,305**	14,274	50,234

(Net debt)/net cash

	Unaudited six months ended 30 Sep 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Cash and cash equivalents	**7,305**	14,274	50,234
Bank loans	**(24,000)**	(88,908)	—
Loan arrangement fees	**1,608**	951	250
Net (debt)/cash as used in the financial review cash flow statement	**(15,087)**	(73,683)	50,484

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 2023 $000	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Non-current liabilities			
Loan arrangement fees	**(1,005)**	(317)	—
	(1,005)	(317)	—
Current liabilities			
Asset backed loan	**24,000**	10,579	—
Revolving credit facilities	**—**	78,329	—
Bank loans and borrowings	**24,000**	88,908	—
Loan arrangement fees	**(603)**	(634)	(250)
	23,397	88,274	(250)

Secured bank loans

Facilities utilised in current period

The Group entered into a new banking facility on 5 June 2023, this facility comprises an Asset Backed Lending ("ABL") arrangement with a maximum facility amount of $125.0 million. The facility with HSBC and NatWest banks has an original term of three years, with the option of submitting two extension notices to extend the facility twice, each by a period of one year. On 3 November 2023 the Group made an operational amendment to the ABL arrangement and signed a supplemental agreement with an option to access a £17.0 million RCF facility over a two month period. This amendment does not increase the maximum facility amount and offers flexibility during the months where the Group has a requirement for funding while having limited access into the ABL.

The Group also increased its unsecured overdraft facility provided by HSBC to £16.5 million, which reduced to £8.5 million from August 2023. If the option to access the RCF facility is exercised, the amounts drawn on the overdraft facility and RCF facility may not exceed £17 million.

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

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

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

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

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

The financial covenants within the RCF agreement are as follows:

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

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

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

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

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

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

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

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

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

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

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

9. Earnings/(loss) per share

	Unaudited six months ended 30 Sep 2023 $000	Unaudited six months ended[a] 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Earnings/(loss)			
Earnings/(loss) attributable to equity holders of the Company	**23,911**	22,754	(27,987)
Adjustments			
Adjusting items (net of non-controlling interest effect)	**742**	(4,597)	28,072
Tax (relief)/charge on adjustments (net of non-controlling interest effect)	**(185)**	1,149	(243)
Adjusted earnings/(loss) attributable to equity holders of the Company	**24,468**	19,306	(158)

In thousands of shares	**Unaudited six months ended 30 Sep 2023**	Unaudited six months ended 30 Sep 2022	Twelve months ended 31 Mar 2023
Issued ordinary shares at 1 April	**97,993**	97,062	97,062
Shares relating to share options	**315**	1,242	1,242
Less: shares held by Employee Benefit Trust	**(1,031)**	(12)	(536)
Weighted average number of shares for the purposes of calculating basic EPS	**97,277**	98,292	97,768
Effect of dilutive potential shares – share awards	**658**	10	—
Weighted average number of shares for the purposes of calculating diluted EPS	**97,935**	98,302	97,768

In the twelve months to 31 March 2023 there were 209,000 share options which were not included in the calculation of diluted earnings per share because they were antidilutive.

	Unaudited six months ended 30 Sep 2023 Cents	Unaudited six months ended 30 Sep 2022 Cents	Twelve months ended 31 Mar 2023 Cents
Earnings/(loss) per share			
Basic earnings/(loss) per share	**24.6**	23.1	(28.6)
Impact of adjusting items (net of tax)	**0.6**	(3.5)	28.4
Basic adjusted earnings/(loss) per share	**25.2**	19.6	(0.2)
Diluted earnings/(loss) per share	**24.4**	23.1	(28.6)
Diluted adjusted earnings/(loss) per share	**25.0**	19.6	(0.2)

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

Basic earnings/(loss) per share

Basic EPS is calculated by dividing the profit for the 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/(loss) 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 which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

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

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

The Group held the following financial instruments at 30 September 2023, which were measured at Level 2 fair value subsequent to initial recognition:

Forward exchange contracts carrying amount	**Unaudited six months ended 30 Sep 2023 $000**	Unaudited six months ended 30 Sep 2022 $000	Twelve months ended 31 Mar 2023 $000
Derivative financial assets	**664**	502	340
Derivative financial liabilities	**(876)**	(1,467)	(315)

The Group has forward currency hedging contracts outstanding at 30 September 2023 designated as hedges of expected future purchases in US dollars, Chinese renminbi and Japanese yen 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.

11. Capital commitments

At 30 September 2023, the Group had outstanding authorised capital commitments to purchase plant and equipment for $4.0 million (HY2023: $2.3 million). At 30 September 2023, the Group has estimated lease commitments for leases not yet commenced of $16.7m.

12. Related parties

As at 30 September 2023, there are no changes to the related parties or types of transactions as disclosed at 31 March 2023.

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 except for the amendment to the financing agreement as detailed in note 8.

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 2023 (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 2023;
- 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
27 November 2023

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