EMBARGOED UNTIL 7.00 AM, 15 JUNE 2021

IG Design Group PLC

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

Results for the year ended 31 March 2021

A robust performance with profit growth; new Growth Plan unveiled

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 results for the year ended 31 March 2021.

Financial Highlights for the year ended 31 March 2021

Financial Highlights*	2021	2020
Revenue	**$873.2m**	**$624.3m**
Adjusted**		
- Profit before tax	**$37.0m**	**$35.4m**
- Diluted earnings per share	**25.9c**	**32.7c**
Reported		
- Profit/(loss) before tax	**$14.7m**	**($0.9m)**
- Diluted earnings per share	**8.4c**	**19.8c**
Net cash as at the period end	**$76.5m**	**$52.4m**
Dividend	**8.75p**	**8.75p**
Average leverage	**0.0x**	**0.9x**

**The Group's reporting currency has moved to US dollars following the acquisition of CSS Industries, Inc. ('CSS') in March 2020*
***Adjusted Results are before Adjusting Items – for further detail see Alternative Performance Measures reconciliation within the Detailed Financial Review*

- Revenue up 40% year-on-year driven by a full year's trading of CSS since acquisition, with like-for-like revenues (excluding CSS) 5% down reflecting the impact of Covid-19 across the Group
- Adjusted profit before tax up 4%, with reported profit before tax up $15.6 million on the prior year
- Adjusted diluted earnings per share reduced in line with market expectations driven primarily by an increase in the number of shares in issue following the equity raise relating to the CSS acquisition
- Strong cash generation and zero average leverage strengthening the final position of the Group
- The Board is recommending a final dividend of 5.75 pence which delivers a full year dividend of 8.75 pence in line with the prior year, reflecting the Group's strong cash generation

Strategic & Operational Highlights

- Strong product and channel development during the year with over 100,000 SKUs sold including new innovative card ranges in the US, Eco-nature™ brand of sustainable products launched in UK alongside growth in e-commerce activities across key markets
- Craft & creative play categories delivered good revenue growth providing customers and their consumers with much needed entertainment throughout multiple lockdowns across the world
- CSS acquisition synergies accelerated in the year with a focus on integration – c.$10 million delivered since acquisition
- Launch of the Group's sustainability framework – 'helping design a better future'

Outlook

- The Group is announcing its new Growth Plan which targets:
  - driving revenues beyond $1.5 billion – c.30% organic growth, balance from M&A
  - doubling the Group's Adjusted EBITDA
- Assuming the current progress is maintained in the 'reopening' of regional economies in which our businesses operate, the Board expects to deliver a strong financial performance in the 2022 financial year

Paul Fineman, CEO, commented:

"In what has been a uniquely challenging year, I am very pleased with what the Group has achieved. We have continued to deliver for our customers, not only on time and in full, but also with agility and whilst providing new, innovative products. We have prioritised the health of our teams whilst also continuing to progress our strategic initiatives. We have made great strides integrating CSS into the business and unlocking the synergies. And lastly, we have delivered a financial performance in line with expectations for our shareholders.

Over several years, Design Group has become known as an ambitious growth company, and in order to maintain this reputation we must continue to set ourselves higher goals; this is why I am delighted to be announcing today our Growth Plan, which includes delivering revenue over $1.5 billion and doubling our Adjusted EBITDA.

Much of this growth is set to come from M&A activity, which we have never been better positioned for as the key industry consolidator. Our management team has built a strong track record of successful acquisition and integration, and our scale and market position represent a compelling offering for businesses within our industry. We are also now in a strong financial position with zero average leverage. Numerous organic initiatives are also well underway that will help us reach our targets, including the acceleration of our e-commerce offering, reinvigoration of our Craft brands and products, and the expansion of our sustainable ranges.

Whilst there remain challenges ahead, many of them the ongoing impact of Covid-19, the hard work and creativity of our teams gives us great confidence in the future."

For further information:

IG Design Group plc	01525 887310
Paul Fineman, Chief Executive Officer	
Giles Willits, Chief Financial Officer	
Canaccord Genuity Limited	020 7523 8000
Bobbie Hilliam, NOMAD	
Alex Aylen, Sales	
Alma PR	
Susie Hudson	020 3405 0205
Sam Modlin	designgroup@almapr.co.uk

OVERVIEW

As was the case with many businesses, 2021 has been a challenging year for the Group, but we have successfully adapted our working practices and our short term priorities to accommodate for the impact of Covid-19. In addition, despite the pandemic, the Group has continued to make progress in relation to developing new strategic targets while focusing on our growth drivers including new product and channel development, our sustainability agenda and the integration of the transformational acquisition of CSS.

The impact of Covid-19 at the beginning of the 2021 financial year saw the Group initially focus on strengthening operationally and financially for the volatile period ahead. Our initial priority was to ensure that our teams were operating in safe environments across the world while working closely with our trading partners to maintain the supply of product to our customers. Throughout the financial year, most of our office-based teams have worked remotely, while our operational teams in manufacturing and warehousing successfully maintained operations – following a short period of initial closure - despite more restricted working practices.

Financially we have delivered in line with our upgraded expectations with strong revenue growth, up 40%, driven by the addition of CSS to the Group. This has in turn driven good growth in our Adjusted and reported profits. In addition, we have strengthened our balance sheet, having successfully navigated our peak working capital period, finishing the year with $76.5 million net cash balance and zero average leverage which leaves us well positioned to pursue further growth opportunities.

We have continued to move forward and during the year have reset our strategic ambitions to double the size of the group. Key strategic achievements in the year have included working with our customers to develop new brands and new sustainable product ranges, the completion of our common printing platform across UK, EU and US which leverages our scale, reaching over one billion of units of product outsourced and enhancing our existing e-commerce platform for the anticipated growth in this channel. Front of mind has been our focus on the sustainability agenda and 2021 saw the launch of our new People, Product, Planet framework which marks the next stage in our Environmental Social and corporate Governance journey.

2021 has also demonstrated the resilience and strength of our teams around the world. Our teams' commitment and ability to deliver in the most challenging of circumstances has helped ensure the Group ends the financial year safer and stronger, and the Board extends its gratitude to every individual at Design Group for their positive attitude during the past 12 months. The Group would also like to sincerely thank John Charlton, our Chairman, who retires in September 2021, for all his support and commitment over his tenure and the legacy he leaves behind. We wish John well in his future endeavors and will announce his successor in due course.

OUTLOOK

Looking ahead, whilst the Group continues to remain cautious about the ongoing effect of Covid-19 and its associated impact on raw material and freight pricing, we are extremely encouraged by the resilience of our diverse customer base and our broad product portfolio, with our orderbook for the 2022 financial year already over 60% of our 2022 forecast. Assuming the current progress is maintained in the 'reopening' of regional economies in which our businesses operate, the Board expects to deliver significant year-on-year growth in both revenues and earnings in the 2022 financial year, in line with current management expectations.

SUMMARY 2021 FINANCIAL RESULTS

This year the Group has changed its reporting currency following the CSS acquisition, with results now reported in US dollars (formerly pound sterling). **Revenue** increased by 40% to $873.2 million (2020: $624.3 million) reflecting the full year effect from the CSS acquisition which was completed in March 2020. Like-for-like revenues of the Group (excluding CSS) for the financial year were down 5%, with proforma CSS revenues year-on-year down 1%, reflecting the impact of Covid-19. The lower like-for-like sales volumes and the associated change in customer and product mix, alongside reduced overhead absorption into inventory, reduced **Adjusted gross margins**, while the impact of operational deleverage further reduced **Adjusted operating margins** to 4.8% (2020: 6.6%). As a result, **Adjusted profit before tax** was up only 4.4% year-on-year to $37.0 million (2020: $35.4 million).

Adjusted earnings per share reduced to 25.9 cents (2020: 32.7 cents), primarily reflecting the increase in the number of shares in issue following the equity raise relating to the CSS acquisition in the final quarter of the 2020 financial year.

The Group finished the year with a net cash balance of $76.5 million (2020: $52.4 million) with **Average leverage** for the year at 0.0 times (2020: 0.9 times) reflecting the effective focus on cash management during the year especially during the businesses' peak working capital period. Furthermore, the Group was pleased in May 2021 to extend the existing banking facilities for a further 12 months to June 2023.

Adjusting items in 2021, which primarily related to the integration and restructuring costs associated with the CSS acquisition, were $14.0 million lower than the prior year at $22.3 million (2020: $36.3 million). The Group has separately identified incremental costs of $1.5 million directly associated with Covid-19 and have included these in Adjusting items. During the year the business has incurred other inefficiencies and expenditure because of the pandemic and these costs are partially offset by government assistance received of $3.6 million (primarily in Australia) both of which are included in **Adjusted profit**.

The Group finished the year with a **profit before tax** up $15.6 million year-on-year at $14.7 million (2020: loss of $0.9 million) but despite this increase **diluted earnings per share** were down at 8.4 cents (2020: 19.8 cents) reflecting the impact of the one-time CSS tax benefit in the 2020 financial year alongside the increased number of shares in issue in 2021 following the CSS equity raise in 2020.

The Board is pleased to recommend a final dividend of 5.75 pence reflecting the strong financial position of the Group. This delivers a full year dividend of 8.75 pence in line with the prior year.

OUR STRATEGY

The success of the Group over recent years has been possible due to our focus on the three drivers that underpin our strategy; **working with the winners, design & innovation** and **efficiency & scale**, which together support our ability to deliver our commitments to shareholders being:

- double-digit growth in **Adjusted earnings per share** on a 3 year CAGR basis
- maintaining **Average leverage** below 2.0 times
- targeting dividend cover of 2.5 times **Adjusted earnings per share**

Despite the impact of Covid-19 the Group has continued to deliver progress in relation to two of our shareholder commitments with **average leverage** reducing to 0.0 times and the Group maintaining its strong dividend record. However, the impact of the pandemic on earnings and the increase in the number of shares in issue following the CSS acquisition did result in a reduced year-on-year earnings per share performance.

The Board continues to believe in the importance of our commitments to shareholders and will continue to measure against these priorities. In addition, the Board is pleased to announce the Group's new Growth Plan targets.

Growth Plan

The Group is targeting to double EBITDA (on a post IFRS 16 basis) to over $150 million (2021: $77.5 million) through a mix of strong organic growth and M&A activity. We are focused on driving revenues beyond $1.5 billion (2021: $873.2 million) through c.30% organic growth, with the balance from M&A. We also aim to drive Adjusted EBITDA margins up through a focus on margin mix, efficiency and improved sourcing. To achieve these goals we will retain the same focus on our three strategic pillars as follows:

Working with the winners

We are focused on increasing our revenue and profitability through growth in both existing and new channels and markets by ensuring we maintain excellent and omni-channel relationships with our key customers, as well as developing relationships with new customers. We want to be part of our customers' success stories. As the retail market evolves and progresses, we will continue to work closely with our key customers with the aim of being their partner of choice going forward. Our top 20 customers now account for 67% of our global revenues (2020: 61%).

In order to do this, we need to have the capability to manufacture and/or source a broad range of products, leveraging improved sourcing processes as our business grows. Many of our customers have global ambitions working across multiple territories and channels. As such, our geographic and channel diversity in key markets is essential to help support our customers as they grow. Our teams are experts in their local territories and categories and we work hard to ensure that we know what works well for our customers in each of these markets.

To continue our growth trajectory with our customers, we follow key market trends including the increase in consumer demand from mainstream mass and discount retailers, as well as specialist retailers in specific categories. In addition, technological development is a key part of this strategy and this extends to adapting to changes in consumer habits and being dynamic in providing new channels to purchase our products, and specifically e-commerce opportunities.

The CSS acquisition has resulted in a strengthening of our relationship with our largest customer, and the largest retailer in the world Walmart, which now accounts for approximately 24% (2020: 22%) of the Group's revenue. We were proud to once again be awarded with Walmart's 'Supplier of the Year' for seasonal products, reflecting the cross-discipline achievements, innovation and standards delivered by our team despite the additional challenges presented by Covid-19.

Our key strategic initiatives to support our growth ambitions within this pillar are:

- Further growing revenues with our top retail partners as their 'one-stop' partner for all things celebration, gift and craft
- Extending our footprint across new regions and channels
- Focusing on generating significant growth through e-commerce opportunities

Design & innovation

Our customers look to us to be at the forefront of product design and innovation. This means we aim to develop innovative and quality products, while maintaining a focus on value and appealing designs.

The Group has succeeded in growing revenues through developing new and adjacent category products as well as increasing revenues in existing product areas. The addition of CSS product categories has strengthened the Group's ability to offer a complete portfolio of products to customers including ranges not previously forming part of the Group's portfolio such as Craft. We aim to continue to diversify our product range by focusing on Everyday related occasions and Minor Seasons.

Coupled with innovation in product design, we have also increased our focus on developing more sustainable products and improved sourcing, manufacturing and distribution to reduce our global carbon footprint in line with our newly launched sustainability framework, detailed below. We believe this focus is not only the right strategy to help protect the environment but can also be a source of competitive advantage. Recent successes include the launch with the UK's largest retailer of our Eco Nature™ brand in the UK. We wish to ensure that we can be regarded by our customers as leaders in bringing improved sustainable product solutions to all product categories in the Group's portfolio.

Brands are increasingly an important differentiator both for existing customers but also as we look to grow our revenues online. As such we are increasing our focus on developing both existing and new brands across multiple categories. We have recently launched our new NIQUEA.D cards brand in the US and are actively engaged in refreshing our key Craft brands in 2022.

Our key strategic initiatives to support our growth ambitions within this pillar are:

- Extending our offering in existing and adjacent categories including Home Accessories, Gift, Party, Cards, Craft & creative play and Toys
- Refreshing and re-energising our Craft brands and product ranges
- Developing brands to support growth both with retail customers and online
- Investing in our development of new sustainable product ranges

Efficiency & scale

As we grow we remain intent on driving up operating margins through investment in processes and people as well as bringing in new product categories and unlocking synergies through acquisition, using our global reach and capabilities to leverage Group economies of scale.

We continue to see opportunities to invest in technology and manufacturing to further improve the competitive advantage we have already developed across our manufacturing facilities. However, where we see external sourcing opportunities being advantageous we will not hesitate to focus our efforts on building on our existing supplier relationships as well as further developing our network.

M&A is a significant driver for our growth plans and we focus our acquisition activities on targeting companies that sit within the broad categories of Celebration, Craft & creative play and Gifting which will fit well alongside our existing product ranges and offer the opportunity to deliver to our customers the benefits of being part of the Design Group family of businesses. The Group is now the key industry consolidator, with a track record of successful acquisitions and integration, as well as a strong management team providing appropriate bandwidth in this area. We focus on companies of scale that have leading market positions in product categories that we believe it will be difficult for us to grow into organically and can demonstrate strong management with the potential upside of synergies. We also look to acquire brands that can strengthen our product offering with customers or help differentiate our online proposition with consumers. We also recognise that businesses with established e-commerce activities could accelerate our online growth ambitions.

Our key strategic initiatives to support our growth ambitions within this pillar are:

- Acquiring companies or brands in adjacent categories or channels, unlocking synergies
- Ensuring we have the right people and teams to fully benefit from the opportunities ahead of us
- Investing in capital projects that improve manufacturing efficiencies
- Optimising SKU numbers to maximise profitability by category
- Leveraging scale for improved sourcing

SUSTAINABILITY

As a Group with an ever-expanding reach, we understand that our impact and responsibilities extend beyond our immediate surroundings, into the lives of our employees, the environment, and our local and global communities. We take seriously these responsibilities and strive for the highest standards of ethical behaviour to protect and support our employees, our communities, and our planet. We believe that every one of us has a shared responsibility to protect and preserve our planet and its environment, for this and future generations.

During the year we have developed a framework to help shape the Group’s approach to sustainability, to help us manage the risks and challenges faced as well as seize the expected opportunities. Design Group’s sustainability framework, ‘helping design a better future’, will work alongside our strategy of working with the winners, design & innovation and efficiency & scale. The framework will also enable us to demonstrate, monitor and improve our performance to drive our business forward sustainably. It is underpinned by the United Nations Sustainable Development Goals (SDGs) and has identified three key themes: people, product and planet.

People - The many talented individuals and teams within Design Group make us the successful business we are today. We understand the value and importance of creating an open, comfortable, fair and progressive working environment and to continue to invest in the people who give us so much. The communities where our Group businesses are based, and where many of our team members call home, are important to us. We aim to give back in all of the communities where Design Group is present, continuously taking actions and promoting initiatives to leave a positive impact.

Notable achievements in 2021 include the continued success of our 'Design Group Academy' which runs in Europe and the UK promotes and encourages development of all their employees. Similarly in the US we run a tuition reimbursement programme helping our employees bolster their qualifications. Charitable donations around the Group this year have continued in the form of both monetary donations as well as products, including our US ribbons company continuing to donate ribbons to hospitals, homeless shelters, business, charities and individuals to make face coverings to protect against Covid-19.

Product - We recognise that the nature of many of our products make it even more important that we leverage our innovation to create sustainable collections to promote to our customers and beyond. As the world develops, populations are consuming more which becomes an issue when a large proportion of goods are not only single-use but also not recycled. This leads to more waste going to landfill and being burned, contributing to global warming and contamination of our oceans. Design Group are committed to promote positive change; to use sustainable sources, to design sustainable ranges and reduce the use of single-use plastics across both our products and their packaging.

Notable achievements in 2021 include plastic-free gift wrap packaging being rolled out to key customers in the UK, as well as the Group working with leading retailers of the world, such as Walmart, to reduce plastic packaging on our products in the US. The Group is accredited by the Forest Stewardship Council ('FSC') who ensure our timber and timber products are legally harvested and sourced, and wherever possible, certified or recycled material is purchased. We are also making strides in transitioning to the sole use of FSC paper in our products.

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

Notable achievements in 2021 include the installation of our new printing press installed late last year in the US, which will save over 32,000 metric tonnes of CO_2 emissions over the next ten years. Our emissions in the UK are also 16% lower compared to 2020. The shift in our manufacturing sites to LED lighting, along with high-speed doors to segregate different parts of the factories and improve temperature regulation are ongoing across all of our active sites in the Group.

Over the next 12 months we will be working to refine the sustainability framework and finalise the specific KPI's that we will hold ourselves accountable to in the future. More details can be found in the 2021 Annual Report.

REGIONAL HIGHLIGHTS

Overall, the Group has seen growth in both **revenue** and **Adjusted operating profit**, which increased to $42.0 million (2020: $40.9 million) primarily because of the addition of CSS to the Group. The Group results are now presented as two reporting segments – DG Americas (including overseas operations for the DG Americas Group) and DG International (comprising UK and associated Asian operations, Europe and Australia) as follows;

% Group revenue			Segmental Revenue 2021	Segmental Revenue 2020	Segmental Revenue % growth	Adjusted Operating Profit 2021	Adjusted Operating Profit 2020	Adjusted Operating Profit % growth	Adjusted Operating Margin 2021 %	Adjusted Operating Margin 2020 %
71%	DG Americas	$m	614.0	355.9	73%	21.0	20.1	5%	3.4%	5.6%
30%	DG International	$m	265.3	275.5	(4%)	25.8	24.9	4%	9.7%	9.0%
(1%)	Elims / Central costs	$m	(6.1)	(7.1)		(4.8)	(4.1)			
100%	**Total**	**$m**	**873.2**	**624.3**	**40%**	**42.0**	**40.9**	**3%**	**4.8%**	**6.6%**

Design Group Americas

The scale of our business in the US has been transformed with the acquisition of CSS, and the Americas business now accounts for over 70% of the Group's total revenues. **Revenue** has grown 73% year-on-year to $614.0 million (2020: $355.9 million), driven by the additional sales from CSS at $299.6 million (2020: $19.9 million). Like-for-like revenues, excluding CSS, fell 6.4% reflecting the impact of Covid-19 in the year. Proforma CSS revenues were 1% down year-on-year. Despite the revenue increase, the impact of Covid-19 resulted in **Adjusted operating profit** at $21.0 million marginally ahead of the prior year (2020: $20.1 million) and included a full year effect of CSS and the benefit of CSS synergies. Due to the nature of the CSS integration in the US it is not possible to accurately provide a like-for-like comparison year-on-year for profit performance split between the two businesses.

The newly integrated team in the US has focused on the following key areas during 2021:

Managing the business through Covid-19 – The pandemic significantly impacted the US business resulting in a decline in like-for-like sales volumes alongside a change in the mix of sales between customers and product categories and operational deleverage including reduced absorption of overheads into inventory. All of which drove a decline in **Adjusted operating margin** from 5.6% in 2020 to 3.4% in 2021. During the financial year Covid-19 had an impact on our manufacturing and distribution facilities which were closed for periods of time in the year impacting production efficiencies and overhead absorption rates, whilst many of our office-based teams including the sales and design teams, have remained working from home for the entire year. The focus during this time remained on maximising commercial opportunities and on the delivery of customer orders on time and in full which was recognised once again by Walmart awarding the US team 'Supplier of the Year' in January 2021. The US business benefitted during the year from the increased demand for Craft & creative play products as consumers stayed home, in particular our own brands such as Perler and Anker Play Products Kids Create which saw significantly increased volumes. However, this only partially offset the impact of both reduced order frequencies from those retailers who remained shut during lockdown and lower order quantities from some customers for seasonal product categories. One positive upside during this difficult trading period, particularly during the Christmas season, is that retailers experienced higher than normal sell through levels which provides a positive tailwind in relation to the orderbook for the 2021 Christmas period.

Operationally, the US business has seen its first full year of the state-of-the-art printing press in Memphis, and despite the challenges presented by Covid-19 and the lower than expected volumes, over 300 million more linear feet of wrap was printed in-house year-on-year. The US team also expanded operations to a new site in Byhalia, Tennessee which enlarges the Americas group's converting and distribution capacity and is set to deliver further efficiencies in the future.

The US Government Covid-19 Coronavirus Aid, Relief and Economic Security ('CARES') Act provided support to our workforce via direct payments to individuals as opposed to employees via the employer. As such, no government assistance relating to job retention has been received by the US business. Furthermore, an unintended consequence of the direct to individual assistance meant that additional costs have been incurred by the Group to encourage some members of our teams back into work rather than remaining at home receiving the government CARES package. This, alongside incremental cleaning costs and personal protection equipment expenditure, has added significant incremental cost to the running of our business this year and $1.4 million of these costs have been treated as Adjusting items in the year.

The Group has benefitted from the US Government's Covid-19 support package following the extension to the time period in which operating losses could be carried back for tax purposes, generating a substantial tax refund that the Group recognised at the end of the 2020 financial year totalling $17.3 million. The majority of this ($16.5 million), plus associated interest of $0.2 million, has been received during the 2021 year generating a one-time cash inflow, which helped substantially offset the CSS integration cash costs in the year.

Despite the general improvement in trading conditions as the Covid-19 vaccine programme rolls out across the US, our Americas business continues to experience challenging trading conditions as a result of some of the associated impacts from Covid-19 on raw material costs and freight charges. Although these headwinds only had a limited impact on 2021 it is expected that the 2022 financial year will be more challenging from a cost inflation perspective than initially expected although the business is focused on mitigating these pressures through a mix of product engineering, renegotiation and in certain situations, price increases.

Integrating CSS and realising synergy opportunities - Immediately following the acquisition of CSS in March 2020, a new unified management structure was announced which created a new senior leadership team comprising of both CSS and Design Group executives and also combined all the functional teams across the US group. Alongside these changes an Americas Executive Committee was established which included Group executives who meet regularly with the senior US team to review progress. These changes facilitated the rapid implementation of the CSS integration plan, helping accelerate the delivery of synergies following the acquisition.

The first year of the integration plan has to date unlocked c.$10 million of cost savings and synergies from the acquisition, with more to achieve over the next 3 years. Specifically, savings have included workforce rationalisation, cost savings associated with no longer running CSS as a US listed business and the savings from physical integration of the two businesses which included consolidating our Midway facility into our Shorewood distribution centre, the closure of excess office sites in the US in Nashville, Budd Lake and Plymouth Meeting and the reduction in the number of Hong Kong sourcing offices. Further savings are due to be delivered in 2022 including additional site rationalisation and in 2023 with cross selling opportunities.

Developing new product categories and expanding into e-commerce channels – During the year significant progress has been made in design and innovation including the launch of our new card brand, NIQUEA.D, which targets the higher end of the card category, further expansion of our Impulse seasonal events and home accessories offering and the continued success of our creative play brand Anker Play Products. In addition, in the coming year, the business will see the relaunch of its e-commerce activities and a refresh to our approach to selling craft products and sewing patterns. All these initiatives, alongside the more general economic recovery following the pandemic give us confidence that the Americas business is well set to deliver good revenue growth in 2022 and beyond.

Dealing with the IT incident – As previously communicated, in October 2020 the US business suffered from an IT security incident impacting operations and in particular the distribution centres that deal with daily replenishment of orders to customers. The business was impacted for a number of weeks which resulted in lost sales and costs associated with remediation. These remediation costs have been treated as an Adjusting item and it is anticipated that these costs and the lost profits associated with the incident are expected to be recovered via insurance claims to be made during 2022. Since the incident the Group has further enhanced its IT security controls and procedures, including the installation of upgraded market leading cyber security software.

Looking ahead, despite some cost headwinds expected, the business is well positioned to benefit from new trading opportunities and further efficiencies and synergies that together we expect will deliver a significant year-on-year revenue and profit uplift in the 2022 financial year.

Design Group International

During 2021 we restructured the business to create a new International division, led by the newly created executive position of CEO International. This combination of our UK, European and Australian businesses under one umbrella will allow the Group to benefit from an integrated management and operational structure, leveraging on each territory's strengths and skills and positions the Group for future growth across this segment.

Revenues for the International business were down 4% on the prior year at $265.3 million (2020: $275.5 million) due to the impact of Covid-19. However, despite lower sales volumes which reduced cash margins, and resulted in lower overhead absorption into inventory and operational deleverage, alongside Covid-19 related manufacturing inefficiencies, **Adjusted operating profit** at $25.8 million was up 4% (2020: $24.9 million) as a result of the positive impact of favourable product mix and a focus on managing overhead costs down.

The impact of Covid-19 has varied across the territories within DG International, however, the common factor from lower sales was reduced production volumes within our manufacturing sites. In particular, this has resulted in lower margins as a result of the associated inefficiencies resulting from Covid-19. In order to ensure we have met customer orders on time and in full, manufacturing has continued throughout the year aside from the short periods when shut downs were required due to government mandated lockdowns or Covid-19 outbreaks. In order to keep manufacturing sites open, we have had to make significant changes to the way in which we operate in order to ensure we comply with regulations and maintain employee safety on site. This has included shorter shifts to allow time for a full and thorough sanitising of our machinery and sites, as well as ensuring there is no cross over between shifts while each shift maintains a Covid-19 'bubble'. Of these additional costs and inefficiencies only the incremental health and safety related costs amounting to $0.1 million have been treated as Adjusting items during the year. Furthermore, the change in shift patterns resulted in sites having to catch-up production which incurred incremental labour costs reducing Adjusted margins despite the benefit of government assistance payments. The International group reacted quickly to the pandemic and the resultant impact on the business and during the early part of the financial year delivered a workforce rationalisation, the costs of which have been treated as Adjusting items.

Around the DG International group, the UK was the most significantly impacted by Covid-19 with revenue down 14%, reflecting the relatively higher seasonal sales mix of the business, resulting in lower operating profit year-on-year as a result of the knock on impact on margin performance. Despite this, the business delivered a strong service performance to customers who subsequently experienced excellent sell-through over the Christmas period. We have also grown our sustainable product ranges further with a focus on the Eco-Nature™ brand as well as the Kids Create 'recycle and create' arts and crafts ranges which will help support growth in the 2022 financial year. Australia, which of all our regions was the least impacted by Covid-19, delivered a robust trading performance with sales flat year-on-year and improved margins. This success has been supported by the release of new product ranges including scented candles and diamond art, as well as strong sales of partyware items, demonstrating our ability to respond quickly to our customers' needs during the pandemic. Europe has had another solid year with revenue broadly flat and operating profit marginally up despite the challenges of Covid-19 and many of our retail partners having been closed for periods of time during the year. This reflects both the growth of our winning retail partners but also the benefits of our investment in 'Robowrap' which despite the impact of lower volumes delivered improved productivity across the entire end-to-end giftwrap manufacturing process.

Parts of the DG International group have received government assistance where available to mitigate as much as possible the need to reduce the workforce across the Group. In total the International division received $3.6 million of government assistance in the period (the majority of which was in our Australia business) which has helped offset the additional costs and lost profit across the whole Group).

OUR PRODUCTS, BRANDS AND CHANNELS

This year has seen the Group deliver good progress in diversifying our product portfolio, further enhancing our position as a 'Supplier of choice' for our retail partners.

Revenue by product category	2021		2020	
Celebrations	**60%**	$521.6m	75%	$469.3m
Craft & creative play	**18%**	$155.3m	7%	$37.9m
Stationery	**4%**	$34.6m	4%	$26.9m
Gifting	**12%**	$104.8m	11%	$69.4m
'Not-for-resale' consumables	**6%**	$56.9m	3%	$20.8m
Total		**$873.2m**		**$624.3m**

The acquisition of CSS significantly increased our sales in Craft & creative play which was further heightened by the pandemic as consumers moved to buying craft related product during the various lockdowns around the world. In particular, the closure of schools over the past year has meant households have turned to products that will entertain families whilst at home, and crafting and creative play has featured heavily in their buying decisions. In addition, as many families have been spending more time in their homes, the sale of Home Accessories which sits as part of our Gifting category has also increased year-on-year.

However, although overall Celebrations sales have increased year-on-year reflecting the acquisition of CSS, on a like-for-like basis they declined 11% due to the impact of Covid-19 on group celebration events throughout the year and in particular lower seasonal orders from retailers in relation to Christmas 2020. This trend was also seen in the 'Not-for-resale' consumables category where, despite the addition of CSS which increased total revenues in the category year-on-year, the like-for-like result was negatively impacted as retail and wholesale customers remained closed for long periods during the year resulting in lower year-on-year orders.

Revenue by customer channel	2021		2020	
Value & Mass	**56%**	$492.0m	64%	$398.6m
Grocer	**9%**	$82.0m	13%	$81.1m
Craft	**11%**	$94.6m	2%	$13.5m
Online	**3%**	$22.6m	1%	$5.6m
Other	**21%**	$182.0m	20%	$125.5m
Total		**$873.2m**		**$624.3m**

The CSS acquisition has not only broadened the product categories we sell but also the retailer channels we sell into, enhancing our Craft and Online channels. We have also strengthened our relationship with some of our biggest customers, including Walmart who now account for 24% of revenues. Overall, our top 20 customers now account for 67% of the Group's sales compared to 61% in 2020.

Revenue by season	2021		2020	
Christmas	**43%**	$375.4m	56%	$348.1m
Minor seasons	**7%**	$59.7m	5%	$32.4m
Everyday	**50%**	$438.1m	39%	$243.8m
Total		**$873.2m**		**$624.3m**

The Group has significantly changed the mix of its sales since the CSS acquisition which has a profile much more balanced toward Everyday. As a result, the Group's earnings and working capital requirements are a lot less focused on the Christmas season.

Revenue by type	2021		2020	
Manufactured in-house	**33%**	$291.3m	35%	$222.1m
Sourced	**67%**	$581.9m	65%	$402.2m
Total		**$873.2m**		**$624.3m**

Despite CSS having higher levels of sales generated from manufacturing compared to the Group before the acquisition, the overall percentage mix of revenues in 2021 from manufacturing have not significantly changed year-on-year. This is the result of Covid-19 impacting those categories in which the Group manufactures, particularly seasonal Christmas product such as gift wrap. Year-on-year like-for-like revenues excluding CSS were in total 5% down but sales from products that were manufactured by the Group were 15% lower compared to revenues from products that we sourced being broadly flat. The higher decline in manufacturing volumes, as explained above, has a disproportionate impact on margin through lower absorption of costs into inventory and also operational deleverage.

Revenue by brand	2021		2020	
Licensed	**12%**	$104.8m	9%	$55.6m
Customer own brand / bespoke	**48%**	$418.1m	64%	$400.0m
Design Group / Generic brand	**40%**	$350.3m	27%	$168.7m
Total		**$873.2m**		**$624.3m**

A review of revenues by brand type highlights a positive shift for the Group which has been supported not only by the CSS acquisition, which has more generic brand products but also by the focus of our teams on developing new and expanding existing generic brands within the Group. Overall, this focus has seen generic brand products increase to 40% of Group revenues, with licensed product sales increasing to 12%.

DETAILED FINANCIAL REVIEW

The Group's results are presented in US dollars for the full year following the acquisition of CSS and the resulting increased concentration of the Group revenues and earnings in US dollars. Prior year comparatives throughout the financial statements have been presented in US dollars. Note 30 in the financial statements contains the relevant comparatives for the financial year 2020 in both US dollar and pound sterling denomination.

	2021			2020		
	Reported $m	Adjusting Items $m	Adjusted $m	Reported $m	Adjusting Items $m	Adjusted $m
Revenue	**873.2**	**-**	**873.2**	**624.3**	**-**	**624.3**
Gross profit	153.8	(1.0)	152.8	94.2	19.9	114.1
Overheads	(133.9)	23.1	(110.8)	(89.6)	16.4	(73.2)
Operating profit	19.9	22.1	42.0	4.6	36.3	40.9
Finance charges	(5.2)	0.2	(5.0)	(5.5)	-	(5.5)
Profit before tax	14.7	22.3	37.0	(0.9)	36.3	35.4
Tax	(4.3)	(5.1)	(9.4)	18.3	(25.4)	(7.1)
Profit after tax	**10.4**	**17.2**	**27.6**	**17.4**	**10.9**	**28.3**

Revenue for the year ended 31 March 2021 grew 40% to $873.2 million (2020: $624.3 million) driven primarily by the full year effect of CSS sales following its acquisition on 3 March 2020. Like-for-like revenues (excluding CSS) declined 5% reflecting the impact of Covid-19 on the Group during the 2021 financial year. Proforma CSS revenues were down just 1% year-on-year. Constant currency Group revenues grew 38% primarily reflecting the stronger pound sterling compared to the prior year. **Adjusted operating profit** increased by 3% to $42.0 million (2020: $40.9 million) reflecting the full year impact of CSS, however, **Adjusted gross margin** declined to 17.5% (2020: 18.3%) largely as a result of the impact of Covid-19 on customer and product mix alongside lower overhead absorption into inventory. **Adjusted overheads** as a percentage of revenue increased to 12.7% (2020: 11.7%) representing the impact of Covid-19 related operational deleverage across the Group despite the success of delivering synergy related cost savings from the CSS integration which resulted in lower absolute proforma overheads year-on-year. As a result, **Adjusted operating margin** at 4.8% (2020: 6.6%) was down year-on-year.

Overall **Adjusted profit before tax** was up 4.4% at $37.0 million (2020: $35.4 million) despite the impact of Covid-19. On a constant currency basis **Adjusted profit before tax** was $0.4m up at like-for-like exchange rates.

The Group finished the year with **profit before tax** of $14.7 million (2020: loss of $0.9 million) reflecting the increase in **Adjusted profit before tax** and the significant reduction in Adjusting items year-on-year which at $22.3 million were $14.0 million lower than the prior year. Further details of the Adjusting items are detailed below.

Adjusted profit after tax was $27.6 million (2020: $28.3 million) with **profit after tax** for the year at $10.4 million (2020: $17.4 million).

Finance expenses

Finance costs were marginally lower than the prior year at $5.2 million (2020: $5.5 million) including a $1.6 million increase in IFRS 16 related lease liability interest following the CSS acquisition from $2.1 million to $3.7 million. Excluding IFRS 16 lease liability interest the underlying finance costs were down $1.9 million to $1.5 million (2020: $3.4 million) reflecting the successful reduction in debt throughout the year. **Adjusted interest cover** after stripping out IFRS 16 charges was 25.0 times in 2021 compared to 11.9 times in the prior year reflecting the reduced finance charges. Interest income relating to the US tax refunds has been treated as income in Adjusting items.

Adjusting items

Adjusting items are material items of unusual or non-recurring nature which represent gains or losses which are separately presented by virtue of their nature, size and/or incidence. The Group's Adjusting items in the year to 31 March 2021 are $14.0 million lower than the prior year at $22.3 million (2020: $36.3 million). The significant movements relate to the increased costs associated with the CSS integration and restructuring and the IT incident in the US, offset by the release of surplus Covid-19 related impairments taken in the prior year and no adjustment for tariff costs in the year. In addition, as a result of the impact of Covid-19 on the Long Term Incentive Plan performance criteria there was a significantly lower share-based payment charge in the prior year. Details of all Adjusting items are included below:

Adjusting Items	2021	2020
Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses	$0.3m	$4.1m
Acquisition integration and restructuring costs	$15.4m	$12.1m
(Reversal of impairment)/impairment of assets	($5.8m)	$11.8m
Incremental Covid-19 costs	$1.5m	$0.6m
IT security incident costs	$2.2m	—
US tariffs	—	$4.4m
Amortisation of acquired intangibles	$4.5m	$3.6m
Share-based payment charge/(credit)	$4.2m	($0.3m)
Total	**$22.3m**	**$36.3m**

Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses - $0.3 million (2020: $4.1 million)

In the year, a charge of $0.3 million relating primarily to additional transaction costs associated with the disposal of Zhejiang Shaoxing Royal Arts and Crafts Co. Ltd has been incurred along with expenditure relating to other potential acquisitions reviewed in the year.

Acquisition integration and restructuring costs - $15.4 million (2020: $12.1 million)

In order to realise synergies from acquisitions, integration projects are 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 the costs associated with projects of this nature are included as Adjusting items.

The main costs in the year relate to the integration of CSS into the enlarged DG Americas business. These include integration consultancy expenditure, severance and temporary labour costs, as the newly integrated team structures following the acquisition have been established, and the impact of the impairment of the lease assets and costs associated with the closure of excess sites. On acquisition the CSS business had a large portfolio of owned and leased sites, and as part of the integration sites in Nashville, Tennessee; Midway, Georgia; Budd Lake, New Jersey and Hong Kong have been closed. In addition, costs associated with the consolidation of the Midway distribution operations into Shorewood are included.

Furthermore, in the UK and Australia, as a result of Covid-19, workforce restructuring costs were treated as Adjusting items.

(Reversal of impairment)/impairment of assets - $(5.8) million (credit) (2020: $11.8 million)

In the prior year, in light of the unknown impact of Covid-19 on the business at the time, a review of inventory and trade receivables was undertaken resulting in impairment charges in relation to inventories of $7.4 million and trade receivables of $3.8 million. As at 31 March 2021, $2.4 million of the trade receivables impairment has been reversed as it is no longer required and following a review of sell-through rates in respect of inventory $4.0 million was released. These releases are partially offset by $0.6 million of additional Covid-19 related impairment charges taken in the 2021 year.

Incremental Covid-19 costs - $1.5 million (2020: $0.6 million)

The Covid-19 outbreak developed rapidly in 2020 and continued into the first calendar quarter of 2021, with measures taken around the world to contain the virus affecting economic activity. The Group has been affected in every territory in which we operate and the impact on the general economic environment and the reduced demand of goods from our customers as well as the closures of our businesses has had a significant impact. Certain costs relating to direct labour costs that were incremental, equal to $0.9 million were included in Adjusting items. The most significant element of these costs relate to additional ‘hazard pay’ labour costs across our manufacturing facilities in the USA and Mexico in order to ensure our employees have returned to work.

In addition, laws were passed in India and Mexico that meant no workforce reductions were allowed during closed/lockdown periods which meant higher employee costs were being incurred than ordinarily would have in that situation. This resulted in the business incurring direct incremental costs of labour whilst not producing anything and incurring periods of significant downtime. When employees returned to work post lockdown labour costs were paid again once production started, effectively doubling the costs to produce.

US tariffs - $nil (2020: $4.4 million)

There is no adjustment for US tariff costs in the year ended 31 March 2021. In the year ended 31 March 2020 there was an adjustment of $4.4 million reflecting the rapid evolution of tariffs during that year with no advance warning. The timing of the introduction of tariffs meant a majority of our purchase orders had already been agreed with customers and suppliers effectively creating a situation where the US business was locked into commitments that could not be renegotiated. This impact has not been repeated in the financial year ended 31 March 2021 as the business was able to better mitigate the effect of tariffs.

IT security incident costs - $2.2 million (2020: $nil)

The IT security incident which occurred in the Americas business in October/November 2020 resulted in one-off costs specifically in relation to crisis management, legal, forensic, and data recovery costs including server/hardware repair and replacement. In addition, there were IT overtime costs, customer penalties from delayed shipments and expedited freight costs to avoid delays. These costs have been treated as an Adjusting item in 2021. The lost sales associated with the IT outage do not form part of the Adjusting items, however, will form part of our claim under insurance policies which is currently in preparation.

Amortisation of acquired intangibles - $4.5 million (2020: $3.6 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 are not part of the acquired balance sheet. These intangible assets are then amortised to the income statement over an appropriately judged period. 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 trade names and brands acquired as part of the acquisition of Impact Innovations Inc. ('Impact') and CSS in the USA and Biscay Pty Greetings Ltd in Australia. As such we include these as Adjusting items.

In addition, in accordance with IFRS 3, on acquisition, businesses need to be fair valued, which can result in an uplift to stock on hand relating to sales orders already attached to the acquired stock. This uplift will distort the margins associated with the stock, and typically unwinds quickly as stock is sold soon after acquisition. The unwind of the stock uplift ($1.4 million) associated with the CSS acquisition is included as an Adjusting item, consistent with the treatment adopted with the Impact acquisition. This fully unwound as at 30 September 2020.

Share-based payment charge/(credit) - $4.2 million (2020: ($0.3) million credit)

As part of our senior management remuneration, the Group operate a Long Term Incentive Plan ('LTIP'), including the newly created Value Creation Scheme ('VCS'), in the form of options for ordinary shares of the Group. In accordance with accounting principles, despite this plan not being a cash cost to the business (except for associated social security costs), a share-based payment charge or credit is taken to the income statement. We consider that these charges do not form part of the underlying operational costs and therefore include these as Adjusting items.

The share based payment charge for the period is $4.2 million which consists of a principal IFRS 2 charge of $3.7 million and an employer social security charge of $0.5 million. The principal charge relates only to those schemes that have not yet vested but are expected to achieve some or all of their vesting criteria. The social security charge relates to both unvested options (but as per the principal charge are expected to achieve their criteria) as well as vested but not yet exercised options and is driven by the share price.

The credit in the 2020 financial year of $0.3 million was driven by the impact of Covid-19 on the performance criteria of the 2018-2021 and 2019-2022 LTIP schemes which resulted in no charge for the 2019-2022 scheme and a reversal of the previous charge in relation to the 2018-2021 scheme. Following the review of performance criteria the full updated charge for the 2018-2021 LTIP scheme has been taken in 2021, alongside the first charge for the VCS, announced in January 2021. No charge has been taken in respect of the 2019-2022 scheme during the year as the performance metrics have not been met, however it is expected that a full charge in relation to the 2019-2022 scheme will be taken in 2022 once the Remuneration Committee has reviewed performance criteria.

Taxation

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

In the prior year, the Group had a tax credit (treated as an adjusting item) of $17.3 million driven by the US CARES Act which came into effect on 25 March 2020 which, as part of the stimulus package, extended the time period for which Net Operating Losses (NOLs) could be carried back against profits in US businesses. As part of the acquisition of CSS, the Group inherited substantial NOLs in CSS which were then able to be carried back against historical profits.

During the year $16.5 million of the claim has been received along with $0.2 million of interest from the Inland Revenue Service in the USA. This has been treated as an Adjusting item cash inflow and is netted off against the other Adjusting items cash outflows within the cash flow summary statement below.

The effective tax rate on **Adjusted profit before tax** is 25.4% (2020: 20.1%) largely as a result of the concentration of Adjusted profits in the Americas attracting a c.24% tax rate at the Adjusted profit level. It is noted that following the recent announcement in relation to the US Covid-19 assistance package, US federal tax rates are expected to increase from 21% to up to 28% potentially from the end of this calendar year. This, if enacted, is expected to increase the Group's effective tax rate in 2022. The effective tax rate on **reported profit before tax** is 28.8% largely due to the mix of profits in higher tax rate jurisdictions.

Excluding the NOL refund, overall tax paid was $3.8 million lower than the prior year at $2.2 million (2020: $6.0 million) resulting from tax refunds in Hong Kong and India from overpayments in prior years as well as lower anticipated profits in the Group's cash tax paying jurisdictions, in particular in Australia and Europe, for which catch up payments will be made in the 2022 financial year.

Earnings per share

Adjusted earnings per share at 25.9 cents (2020: 32.7 cents) are lower year-on-year driven by marginally lower Adjusted earnings attributable to equity holders of the Company and as a result of the full year effect of the increased number of shares in issue following the equity raise in January 2020 to support the CSS acquisition. **Diluted earnings per share** are 8.4 cents (2020: 19.8 cents) reflecting the benefit of the one-time NOL tax refund in the prior year. The reconciliation between **reported** and **Adjusted earnings per share** is shown below:

Earnings per share	2021	2020
Earnings attributable to equity holders of the Company	$8.2m	$16.5m
Adjustments		
Adjusting items (net of non-controlling interest effect)	$22.4m	$36.0m
Tax charge/(relief) on adjustments (net of non-controlling interest effect)	($5.2m)	($7.9m)
Adjusting item - tax credit (US tax loss carryback)	—	($17.3m)
Adjusted earnings	**$25.4m**	**$27.3m**
Weighted average number of shares		
Basic weighted average number of shares outstanding	97.7m	82.6m
Dilutive effect of employee share option plans	0.4m	0.5m
Diluted weighted average ordinary shares	**98.1m**	**83.1m**
Earnings per share		
Basic earnings per share	8.4c	19.9c
Adjustment	17.6c	12.9c
Basic adjusted earnings per share	26.0c	32.8c
Diluted earnings per share	**8.4c**	**19.8c**
Diluted adjusted earnings per share	**25.9c**	**32.7c**

Dividend

The Board is recommending a final dividend of 5.75 pence reflecting the strong year-end financial position and outlook of the Group. This delivers a full year dividend of 8.75 pence in line with the prior year (2020: 8.75 pence).

Return on capital employed

Improving the **return on capital employed** continues to be a key target for each of the business units. Overall, the Group saw the **return on capital employed** reduce year-on-year to 17.6% (2020: 20.3%) resulting from the impact of Covid-19 on the operating profits of the Group in a year that also saw a higher level of capital employed following the acquisition of CSS.

Cash flow and net cash

The Group ended the year with its net cash balance up $24.1 million to $76.5 million (2020: $52.4 million). The cash improvement reflects the year-on-year growth in EBITDA alongside reduced capital expenditure and a lower cash outflow year-on-year in relation to Adjusting items. **Cash conversion** was 88.7% (2020: 91.1%) with **Adjusted cash generated from operations** of $68.7 million (2020: $54.2 million).

Cash flow	2021	2020
Adjusted EBITDA	$77.5m	$59.5m
Movements in working capital	($8.8m)	($5.3m)
Adjusted cash generated from operations	**$68.7m**	**$54.2m**
Adjusting items	($1.0m)	($16.6m)
Cash generated from operations	**$67.7m**	**$37.6m**
Capital expenditure (net of disposals of property, plant and equipment)	($8.1m)	($13.7m)
Business acquired (including cash on acquisition)	—	($112.3m)
Tax received/(paid)	($2.2m)	($6.0m)
Interest paid (including Adjusting items)	($4.3m)	($5.1m)
Payments of lease liabilities	($15.9m)	($8.4m)
Dividends paid	($11.3m)	($9.0m)
Proceeds from issue of share capital	—	$152.5m
FX and other	($1.8m)	($5.4m)
Movement in net cash	**$24.1m**	**$30.2m**
Opening net cash	$52.4m	$22.2m
Closing net cash	**$76.5m**	**$52.4m**

Working capital

The working capital movement in the 2021 year reflects the first full year of trading in relation to CSS, delivering an outflow in the year of $8.8 million (2020: $5.3 million). In the 2020 year the timing of the acquisition in March 2020 resulted in a one-time inflow of $9.3 million in relation to CSS. The 2021 working capital outflow reflects the phasing of sales year-on-year which has seen higher sales in the last quarter in the Americas and inventory build which has started earlier than in previous years reflecting the proactive response taken to ensure customers are not impacted by transportation delays at ports.

In the current Covid-19 environment the Group continues to actively track debtors and credit risk profiles of all of our customers to mitigate as far as possible any additional exposure to credit risk. Doubtful debt write off in the year was less than 0.5% of revenue (2020: 0.3%), a testament to our continued proactive approach to dealing with credit risk.

Capital expenditure

As part of our Covid-19 plan to manage cash during the pandemic our investment in capital expenditure was managed carefully resulting in a reduction of $5.8 million to $8.4 million (2020: $14.2 million). In addition, the prior year included two significant projects; the printing press in the US and the automated converting line project in the Netherlands. There were no significant capital projects in the year to 31 March 2021. Capital expenditure in 2022 is expected to return to more normal levels in the range $8.0 - $10.0 million.

Average leverage

Average leverage is a key measure for the Group measuring the seasonality of our working capital demands across the business and the need to ensure the Group manages its peak funding requirements within its bank facility limits. The Group has a stated aim to maintain our average leverage below 2.0 times over the long term and over the past five years has made significant progress in reducing leverage beyond this point. As at 31 March 2021 **Average leverage** was 0.0 times, down from 0.9 times in the prior year. This reflects an improvement in the **Adjusted EBITDA** compared to the prior year and a considerable reduction in average bank debt from $43.6 million in 2020 to $2.2 million in 2021. This reduction partly reflects the impact of the CSS acquisition across the year, which is less seasonal than the legacy Design Group business, but also the impact of the additional equity raise in January 2020 to fund the CSS transaction.

Our measure of **Average leverage** excludes the impact of IFRS 16 and as such we exclude lease liabilities from our measurement of debt and reduce **Adjusted EBITDA** for lease payments. This mirrors the approach taken by the banks in measuring leverage for the purposes of the banking facilities and therefore is considered the most relevant measure for management to adopt.

Banking facilities

The Group maintains its banking facility through a club of five banks chosen to reflect and support the geographical spread of the Group. The banks within the club are HSBC, NatWest, Citigroup (who replaced BNP Paribas), Truist Bank (as successor by merger to SunTrust Bank) and PNC. In May 2021, the facilities were extended for another year to June 2023.

The facilities, comprise:

- a revolving credit facility ('RCF A') of $95.0 million;
- a further flexible revolving credit facility ('RCF B') with availability varying from month to month of up to £130.0 million. This RCF is flexed to meet our working capital requirements during those months when inventory is being built within our annual business cycle and is £nil when not required, minimising carry costs; and
- an invoice financing arrangement in Hong Kong maximum limit $18.0 million but dependent on level of eligible receivables

In total, the accessible facilities at approximately $290.0 million are considered more than sufficient to cover the Group's peak requirements. The facilities, which do not amortise with time, include an additional uncommitted amount to help finance potential acquisitions.

Invoice financing arrangements are secured over the trade receivables that they are drawn on. The RCF facilities are secured with a fixed and floating charge over all other assets of the Group.

There are financial covenants (measured on pre IFRS 16 accounting definitions), tested quarterly, attached to the existing facilities as follows:

1. interest cover, being the ratio of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA), as defined by the banking facility, to interest on a rolling twelve month basis; and
2. leverage, being the ratio of debt to adjusted EBITDA, as defined by the banking facility, on a rolling twelve-month basis.

There is 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.

We also have access to supplier financing arrangements from certain customers which we utilise at certain times of the year.

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. As of this financial year, the Group moved its reporting currency to US dollars in light of the fact that a significant proportion of the Group's revenues and profits are now in US dollar. This change aims to significantly reduce, although not eradicate, the potential exposure of the Group to translational currency movements going forward. There is still part of the business whose functional currency is something other than US dollar however, the overall impact on revenue and profits from currency movements in 2021 when compared to 2020 is not significant relative to the balances. **Revenue** in 2020 would have been $10.6 million higher if translated at 2021 FX rates, with 2020 **Adjusted profit before tax** $1.2 million higher.

Transactional FX exposure – This FX exposure is managed carefully by the Group as it can result in additional cash outflows if not managed appropriately. In response to this risk the Group adopts an active hedging policy to ensure further 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 increased by $16.2 million to $392.0 million at 31 March 2021 (2020: $375.8 million) primarily reflecting the increased cash generated within the Group along with increased debtors at the year end following strong sales in the last quarter.

As at the 31 March 2021 balance sheet date, in light of the continued Covid-19 pandemic, the Directors have paid particularly close attention to their assessment of going concern in preparation of these financial statements. The Group is well capitalised at the year end with a net cash position of $75.7 million ($132.8 million of cash and $57.1 million of bank overdraft excluding loan arrangement fees).

Going concern forecasts have been produced using the Group's 2022 and 2023 budgets and plans. These forecasts which have been produced and reviewed in detail by the Board, and take into account the seasonal working capital cycle of the business, have been sensitised to reflect severe but plausible adverse downturns in the current assumptions including the potential for a further Covid-19 related lockdown as well as another IT security incident in the Group. These forecasts and additional analysis demonstrated that the Group has sufficient excess 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 covenants. As such, the Directors do not see any practical regulatory or legal restrictions which would limit their ability to fund the different regions of the business as required as the Group has sufficient resources.

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

Alternative performance measures

This review includes alternative performance measures ('APMs') that are presented in addition to the standard IFRS metrics. The Directors believe that these APMs provide important additional information regarding the adjusted 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 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 and of an unusual or non-recurring nature.

The APMs and the definitions used are listed below:

- **Adjusted EBITDA** – EBITDA before Adjusting items
- **Adjusted operating profit** – Profit before finance charges, tax and Adjusting items
- **Adjusted profit before tax** – Profit before tax and Adjusting items
- **Adjusted profit after tax** – Profit after tax before Adjusting items and associated tax effect
- **Adjusted earnings per share** – Fully diluted earnings per share before Adjusting items and associated tax effect

In addition, the Group uses APMs in order to calculate other key performance metrics including:

- **Average leverage** - Average bank debt (being average debt measured before lease liabilities) divided by Adjusted EBITDA reduced for lease payments
- **Cash conversion** - Adjusted cash generated from operations divided by Adjusted EBITDA.
- **Adjusted operating margin** – Adjusted operating profit divided by revenue
- **Return on capital employed** – Adjusted operating profit divided by monthly average net capital employed (excluding cash and intangibles)
- **Adjusted interest cover** – Adjusted operating profit divided by finance charges (excluding IFRS 16 and one-time interest income)

Adjusting items

Further details of the items categorised as Adjusting items are disclosed in note 3.

A full reconciliation between our adjusted and reported results is provided below:

APM Reconciliation	2021	2020
Adjusted EBITDA	**$77.5m**	**$59.5m**
Adjusting items	($11.7m)	($32.2m)
EBITDA	**$65.8m**	**$27.3m**
Adjusted operating profit	**$42.0m**	**$40.9m**
Adjusting items	($22.1m)	($36.3m)
Reported operating profit	**$19.9m**	**$4.6m**
Adjusted profit before tax	**$37.0m**	**$35.4m**
Adjusting items	($22.3m)	($36.3m)
Reported profit before tax	**$14.7m**	**($0.9m)**
Adjusted profit after tax	**$27.6m**	**$28.3m**
Adjusting items	$(17.2)m	($10.9m)
Reported profit after tax	**$10.4m**	**$17.4m**
Adjusted earnings per share	**25.9c**	**32.7c**
Adjusting items	(17.5c)	(12.9c)
Reported diluted earnings per share	**8.4c**	**19.8c**

The financial information set out in this document does not constitute statutory accounts for IG Design Group Plc for the period ended 31 March 2021 but is extracted from the Annual Report and Accounts 2021. The Annual

Report and Accounts 2021 will be delivered to the Registrar of Companies in due course. The auditors' report on those accounts was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either Section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

A copy of these results is available on https://www.thedesigngroup.com.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 MARCH 2021

	Note	2021 $000	Restated[(a)] 2020 $000
Revenue	2	**873,216**	624,340
Cost of sales		**(719,396)**	(530,109)
Gross profit		**153,820**	94,231
Selling expenses		**(43,909)**	(33,766)
Administration expenses		**(93,659)**	(58,868)
Other operating income	5	**4,066**	927
(Loss)/profit on disposal of property, plant and equipment		**(256)**	246
(Loss)/profit on disposal of subsidiary	28	**(208)**	1,836
Operating profit	3	**19,854**	4,606
Finance expenses	6	**(5,179)**	(5,479)
Profit/(loss) before tax		**14,675**	(873)
Income tax (charge)/credit	7	**(4,234)**	18,276
Profit for the year		**10,441**	17,403
Attributable to:			
Owners of the Parent Company		**8,207**	16,461
Non-controlling interests		**2,234**	942

Earnings per ordinary share

	Note	2021	Restated[(a)] 2020
Basic	21	**8.4c**	19.9c
Diluted	21	**8.4c**	19.8c

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2021

	2021 $000	Restated[(a)] 2020 $000
Profit for the year	**10,441**	17,403
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit pension and health benefit schemes	**(32)**	—
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations (net of tax)	**(15,769)**	3,112
Recycling translation reserves on disposal of subsidiary	**—**	42
Transfer to profit and loss on maturing cash flow hedges (net of tax)	**863**	(490)
Net unrealised (loss)/gain on cash flow hedges (net of tax)	**(1,269)**	657
	(16,175)	3,321
Other comprehensive (expense)/income for the year, net of tax	**(16,207)**	3,321
Total comprehensive (expense)/income for the year, net of tax	**(5,766)**	20,724
Attributable to:		
Owners of the Parent Company	**(9,081)**	20,372
Non-controlling interests	**3,315**	352
	(5,766)	20,724

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	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
Equity at 1 April 2019	5,093	74,962	42,119	153	(8,133)	106,336	220,530	4,694	225,224
Profit for the year	—	—	—	—	—	16,461	16,461	942	17,403
Other comprehensive income/(expense)	—	—	—	167	3,744	—	3,911	(590)	3,321
Total comprehensive income for the year	—	—	—	167	3,744	16,461	20,372	352	20,724
Transactions with owners in their capacity as owners									
Equity-settled share-based payments (note 23)	—	—	—	—	—	(287)	(287)	—	(287)
Tax on equity-settled share-based payments (note 11)	—	—	—	—	—	213	213	—	213
Derecognition of non-controlling interests (note 27)	—	—	—	—	—	—	—	(403)	(403)
Shares issued (note 20)	1,117	150,145	—	—	—	—	151,262	—	151,262
Options exercised (note 20)	45	—	—	—	—	(45)	—	—	—
Equity dividends paid (note 22)	—	—	—	—	—	(8,975)	(8,975)	—	(8,975)
Exchange differences on opening balances	(281)	(9,690)	(1,944)	—	—	—	(11,915)	—	(11,915)
At 31 March 2020 (restated)[(a)]	5,974	215,417	40,175	320	(4,389)	113,703	371,200	4,643	375,843

YEAR ENDED 31 MARCH 2021

	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 2020 (restated)[(a)]	**5,974**	**215,417**	**40,175**	**320**	**(4,389)**	**113,703**	**371,200**	**4,643**	**375,843**
Profit for the year	—	—	—	—	—	8,207	8,207	2,234	10,441
Other comprehensive (expense)/income	—	—	—	(406)	(16,850)	(32)	(17,288)	1,081	(16,207)
Total comprehensive (expense)/income for the year	**—**	**—**	**—**	**(406)**	**(16,850)**	**8,175**	**(9,081)**	**3,315**	**(5,766)**
Transactions with owners in their capacity as owners									
Equity-settled share-based payments (note 23)	—	—	—	—	—	3,668	3,668	—	3,668
Tax on equity-settled share-based payments (note 11)	—	—	—	—	—	214	214	—	214
Recognition of non-controlling interests (note 27)	—	—	—	—	—	—	—	539	539
Options exercised (note 20)	34	—	—	—	—	(34)	—	—	—
Equity dividends paid (note 22)	—	—	—	—	—	(11,288)	(11,288)	—	(11,288)
Exchange differences on opening balances	659	23,725	4,425	—	—	—	28,809	—	28,809
At 31 March 2021	**6,667**	**239,142**	**44,600**	**(86)**	**(21,239)**	**114,438**	**383,522**	**8,497**	**392,019**

Merger reserve

The merger reserve comprises premium on shares issued in relation to business combinations.

Capital redemption reserve

The capital redemption reserve comprises amounts transferred from retained earnings in relation to the redemption of preference shares. For ease of presentation, the amount of $1.8 million relating to the capital redemption reserve has been included within the column of share premium and capital redemption reserve in the balances at the end of the year (2020: $1.7 million). The only movement in this balance relates to foreign exchange.

Hedging reserve

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

Translation reserve

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

Shareholders' equity

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

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2021

	Note	2021 $000	Restated[a] 2020 $000	Restated[a] 2019 $000
Non-current assets				
Property, plant and equipment	8	**88,203**	91,744	51,786
Intangible assets	9	**114,874**	116,214	110,503
Right-of-use assets	10	**95,380**	82,742	—
Long term assets	13	**5,721**	6,223	—
Deferred tax assets	11	**18,357**	18,135	4,693
Total non-current assets		**322,535**	315,058	166,982
Current assets				
Inventory	12	**176,165**	169,414	90,442
Trade and other receivables	13	**129,219**	110,047	64,641
Income tax receivable		**2,368**	18,377	—
Derivative financial assets	24	**207**	412	168
Cash and cash equivalents	14	**132,760**	83,200	110,910
Total current assets		**440,719**	381,450	266,161
Total assets	2	**763,254**	696,508	433,143
Equity				
Share capital	20	**6,667**	5,974	5,093
Share premium		**237,296**	213,755	73,220
Capital redemption reserve		**1,846**	1,662	1,742
Merger reserve		**44,600**	40,175	42,119
Hedging reserve		**(86)**	320	153
Translation reserve		**(21,239)**	(4,389)	(8,133)
Retained earnings		**114,438**	113,703	108,763
Equity attributable to owners of the Parent Company		**383,522**	371,200	222,957
Non-controlling interests		**8,497**	4,643	5,266
Total equity		**392,019**	375,843	228,223
Non-current liabilities				
Loans and borrowings	15	**(103)**	(219)	1,847
Lease liabilities	10	**94,582**	78,418	—
Deferred income	16	**486**	561	976
Provisions	17	**5,742**	5,161	3,472
Other financial liabilities	18	**15,526**	6,784	2,362
Deferred tax liabilities	11	**2,115**	4,626	900
Total non-current liabilities		**118,348**	95,331	9,557
Current liabilities				
Bank overdraft	14	**57,033**	31,003	85,614
Loans and borrowings	15	**(620)**	(3)	1,239
Lease liabilities	10	**19,340**	16,995	—
Deferred income	16	**424**	162	129
Provisions	17	**1,617**	3,046	1,417
Income tax payable		**10,061**	5,482	6,202
Trade and other payables	19	**120,763**	120,656	76,135
Other financial liabilities	18	**44,269**	47,993	24,627
Total current liabilities		**252,887**	225,334	195,363
Total liabilities	2	**371,235**	320,665	204,920
Total equity and liabilities		**763,254**	696,508	433,143

The consolidated financial statements were approved by the Board of Directors on 14 June 2021 and were signed on its behalf by:

Paul Fineman
Director

Giles Willits
Director

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2021

	Note	2021 $000	Restated[a] 2020 $000
Cash flows from operating activities			
Profit for the year		**10,441**	17,403
Adjustments for:			
Depreciation and impairment of property, plant and equipment	8	**13,535**	8,880
Depreciation and impairment of right-of-use assets	10	**24,047**	8,911
Amortisation of intangible assets	9	**6,918**	4,816
Finance expenses	6	**5,179**	5,479
Income tax charge/(credit)	7	**4,234**	(18,276)
Loss/(profit) on disposal of a business	28	**208**	(1,836)
Loss/(profit) on disposal of property, plant and equipment		**165**	(246)
Loss on disposal of intangible fixed assets		**106**	1
Equity-settled share-based payments/(income)	23	**4,192**	(252)
Operating profit after adjustments for non-cash items		**69,025**	24,880
Change in trade and other receivables		**(11,914)**	9,841
Change in inventory		**1,772**	1,532
Change in trade and other payables, provisions and deferred income		**(4,504)**	1,592
Cash generated from operations		**54,379**	37,845
Tax received/(paid)		**14,353**	(5,993)
Interest and similar charges paid		**(4,082)**	(5,090)
Net cash inflow from operating activities		**64,650**	26,762
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**147**	767
Acquisition of businesses (net of cash acquired)		**—**	(112,251)
Acquisition of intangible assets	9	**(1,000)**	(3,738)
Acquisition of property, plant and equipment	8	**(7,390)**	(10,463)
Net cash outflow from investing activities		**(8,243)**	(125,685)
Cash flows from financing activities			
Proceeds from issue of share capital		**—**	152,535
Repayment of secured borrowings	14	**(1,158)**	(1,917)
Net movement in previous credit facilities		**—**	48,230
Repayment of previous credit facilities		**—**	(48,230)
Payment of lease liabilities	10	**(19,184)**	(8,430)
Loan arrangement fees	14	**—**	(1,571)
Equity dividends paid	22	**(11,288)**	(8,975)
Net cash (outflow)/inflow from financing activities		**(31,630)**	131,642
Net increase in cash and cash equivalents		**24,777**	32,719
Cash and cash equivalents at beginning of the year	14	**52,197**	25,296
Effect of exchange rate fluctuations on cash held		**(1,247)**	(5,818)
Cash and cash equivalents at end of the year	14	**75,727**	52,197

[a]The Group's reporting currency has moved to US Dollars following the acquisition of CSS Industries, Inc. ('CSS') in March 2020 which increased the US dollar revenues to over 70% of the Group and therefore primary statements have been restated from pound sterling to US dollar. See note 30 for the comparative primary statements from the prior year as previously presented in pound sterling. All prior year comparative notes to the accounts have been restated throughout this report to reflect the currency change. In addition, certain balances have been restated to reflect the changes to the acquisition accounting of CSS. See notes 1 and 28 for more detail.

1 Accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS"). The Company has elected to prepare its individual Company financial statements in accordance with Financial Reporting Standard 102 ('FRS 102').

The financial statements are prepared under the historical cost convention except for derivatives which are stated at fair value and retirement benefit obligations which are valued in accordance with IAS 19 Employee Benefits.

The preparation of financial statements that conform with adopted 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.

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

The estimates and underlying assumptions are reviewed on an ongoing basis (see Critical accounting judgements and estimates section below). Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if relevant.

The accounting policies used in the preparation of these financial statements are detailed below. These policies have been consistently applied to all financial years presented with the exception of leases in the year ended 31 March 2019, when IFRS 16 had not been adopted.

Restatement of comparative amounts

Acquisition accounting

In the preparation of these financial statements, comparative amounts have been restated to reflect the finalisation of the CSS acquisition accounting (note 28).

Presentation currency

The Company has changed the presentation currency of the Group from pound sterling to US dollar effective 1 April 2020. Following the acquisition of CSS a significant majority of the Group earnings is now denominated in US dollars. Management believes that the presentation currency change will give investors and other stakeholders a clearer understanding of the Group's financial performance over time. In addition, the change will reduce the volatility of the Group's earnings arising from foreign exchange movements, in relation to the translation of foreign currency balances.

The currency translation reserve was set to zero at 1 April 2006 on transition to IFRS and has been restated as if the Group had reported in US dollars since that date. 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 other reserves.

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

Since the change in reporting currency has been applied retrospectively all comparative numbers in these consolidated financial statements have been restated into US dollar. Note 30 sets out the key primary statements with both pound sterling and US dollar comparatives for the year ended 31 March 2020.

Seasonality of the business

The business of the Group is seasonal and although revenues accrue relatively evenly in both halves of the year, working capital requirements including inventory levels increase steadily in the first half from July and peaks in October as manufacturing and distribution of Christmas products builds ahead of shipping. The second half of the year sees the borrowing of the Group decline and move to typically a cash positive position as the Group collects its receivables through January to March.

Going concern

Information regarding the financial position of the Group, its cash flows, liquidity position, and borrowing facilities are described in the Detailed Financial Review above. Note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and exposures to credit, market and liquidity risk. Cash balances and borrowings are detailed in notes 14 and 15.

On 5 June 2019, to meet the funding requirements of the Group, the business refinanced with a banking group comprising HSBC, NatWest, Citigroup (who replaced BNP Paribas), Truist Bank (as successor by merger to SunTrust Bank) and PNC Bank as part of a three year deal. This facility was then subsequently amended and extended on 17 January 2020 with the same banking group to accommodate the acquisition of CSS. The facilities were then further extended in May 2021 to run to June 2023 and comprise of a revolving credit facility ('RCF') of $95.0 million, a further flexible RCF of up to £130.0 million to meet the Group's working capital requirements during peak manufacturing, and a maximum limit of $18.0 million invoice financing arrangement in Hong Kong. We also have access to supplier financing arrangements from certain customers which we utilise at certain times of the year. These supplier financing arrangements are subject to the continuing support of the customers' banking partners and therefore could be withdrawn at short notice.

The Directors have prepared detailed plans and forecasts from the date of signing these financial statements up to 31 March 2023. The plans reflect the seasonal operating cycle of the business and assume continuity of the supply chain. They also benefit from the diverse geographic spread of the Group and the high proportion of revenues generated from retailers who have remained open during the Covid-19 crisis. Going concern forecasts have been produced using the Group's 2022 and 2023 budgets and plans. These forecasts which have been produced and reviewed in detail by the Board take into account the seasonal working capital cycle of the business and have been sensitised to reflect severe but plausible adverse downturns in the current assumptions including the potential for a further Covid-19 related lockdown as well as another IT security incident in the Group. These forecasts and additional analysis demonstrated that the Group has sufficient excess headroom to meet its obligations as they fall due, for a forecast period of more than twelve months beyond the date of signing these financial statements. 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.

Based on these models, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly have adopted the going concern basis in preparing the consolidated financial statements. This disclosure has been prepared in accordance with the Financial Reporting Council's UK Corporate Governance Code.

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

b. Basis of consolidation
Other standards and interpretations
The Group also adopted the following new pronouncements during 2021, which did not have any material impact on the Group's financial statements:
amendments to IFRS 3, 'Business combinations' revising the definition of a business
amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' revising the definition of material
amendments to IFRS 9, IAS 39 and IFRS 17: A two phase project assessing the effects of the interest rate benchmark reform
amendments to the Conceptual framework

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

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

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

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

The Group measures goodwill at the acquisition date as:

the fair value of the consideration transferred; plus
the recognised amount of any non-controlling interests in the acquiree; plus
if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

c. Foreign currency
Items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('functional currency'). The consolidated financial statements are prepared in US dollar (as described above).

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

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

(iii) Net investment in foreign operations
Exchange differences on retranslation at the closing rate of the opening balances of overseas entities are taken to other comprehensive income, as are exchange differences arising on related foreign currency borrowings and derivatives designated as qualifying hedges, to the extent that they are effective. They are released into the income statement upon disposal or loss of control and on maturity or disposal of the hedge respectively. Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income in the translation reserve.
The cumulative translation differences previously recognised in other comprehensive income (or where the foreign operation is part of a subsidiary, the parent's interest in the cumulative translation differences) are released into the income statement upon disposal of the foreign operation or on loss of control of the subsidiary that includes the foreign operation. Other exchange differences are taken to the income statement.

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

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

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

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

(iii) Unhedged derivatives
Unhedged derivatives are charged/credited to the income statement.

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Lease liabilities and lease right-of-use assets

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

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

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

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

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

k. Intangible assets

(i) Goodwill

Goodwill is stated at cost less any impairment losses.

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

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

(ii) Acquired intangible assets

An intangible asset acquired in a business combination is recognised at fair value to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Intangible assets principally relate to customer relationships, which are valued using discounted cash flows based on historical customer attrition rates, and trade names/brand, which are valued using an income approach. The cost of intangible assets is amortised through the income statement on a straight line basis over their estimated useful economic life and as these are assets directly attributed to the acquisition of a business, the amortisation costs are also presented within Adjusting items.

(iii) Other intangible assets

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

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

Goodwill	Not amortised
Customer relationships	3-15 years
Trade names/brands	3-5 years
Other intangibles – software	3-5 years

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

l. Impairment

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

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

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

m. Inventories

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

n. Income tax

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

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

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

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

o. Revenue

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

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

Revenue from sales is recognised based on the price specified in the contract, net of any estimated volume discounts, rebates and sell-through provisions. Accumulated experience is used to estimate and provide for these discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for these items payable to customers based on sales made in the period. No significant element of financing is deemed present as the sales are made with credit terms of 30-60 days, which is consistent with market practice.

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

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

p. Finance income and expense

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

q. Supplier financing

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

r. Segment reporting

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

s. Pensions

(i) Defined contribution schemes

Obligations for contributions to defined contribution pension schemes are expensed to the income statement as incurred.

(ii) Defined benefit schemes

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

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

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

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

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

t. Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which they are granted. The fair value is determined by using an appropriate pricing model. The fair value cost is then recognised over the vesting period, ending on the date on which the relevant employees become fully entitled to the award. The quantum of awards expected to vest and the relevant cost charged is reviewed annually such that at each balance sheet date the cumulative expense is the relevant share of the expected total cost, pro-rated across the vesting period.

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

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

Deferred tax assets are recognised in respect of share-based payment schemes.

u. Investment in own shares

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

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

w. Government grants
Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are included within the carrying amount of the related property, plant and equipment, and are released to the income statement on a straight line basis over the expected useful lives of the relevant assets. Grants of a revenue nature, other than those associated with Covid-19, are credited to the income statement so as to match them with the expenditure to which they relate. Covid-19 related grants are recognised gross in either other operating income or cost of sales.

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

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

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

z. Use of non-GAAP measures
These financial statements include alternative performance measures ('APMs') that are presented in addition to the standard GAAP metrics. The Directors believe that these APMs provide important additional information regarding the underlying performance of the business including trends, performance and position of the Group. APMs are used to enhance the comparability of information between reporting periods and segmental business units by adjusting for factors which affect IFRS measures, to aid the understanding of the Group's performance. Consequently, APMs are used by the Directors and management for strategic and performance analysis, planning, reporting and reward setting. The APMs are Adjusted EBITDA, Adjusted operating profit, Adjusted profit before tax, Adjusted profit after tax and Adjusted earnings per share.

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

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

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

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

Accounting estimates
(i) Business combinations and intangible assets
IFRS 3 requires the identification of acquired intangible assets as part of a business combination. The methods used to value such intangible assets require the use of estimates and judgements such as customer attrition, cash flow generation from the existing relationships with customers and returns on other assets. Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives would result in different effects on the income statement and balance sheet.

Goodwill is not amortised but is tested annually for impairment, along with the finite-lived intangible assets and other assets of the Group's cash-generating units. Tests for impairment are based on discounted cash flows and assumptions (including discount rates and growth prospects) which are inherently subjective. An estimate is also required in identifying the events which indicate potential impairment, and in assessing fair value of individual assets when allocating an impairment loss in a cash-generating unit or groups of cash-generating units. The Group performs various sensitivity analyses in respect of the tests for impairment, as detailed in note 9.

The useful lives of the Group's finite-lived intangible assets are reviewed following the tests for impairment annually.

Judgement and estimates may also be required in determining the fair value of other assets acquired and liabilities (including contingent liabilities) assumed. In determining the fair value of assets and liabilities acquired from the acquisition of CSS (see detail in note 28), the directors have had to make a number of important judgements. These judgements, which are inherently subjective, have included assessing at the date of acquisition future cash flows and synergies from a market participant's perspective and assessing an appropriate discount rate to apply to those cash flows. Judgements have also been taken around the level of potential inventory obsolescence (described below) and the level of economic obsolescence applied to the valuation of plant and equipment. Different assumptions applied and judgements taken could have led to materially different values.

(ii) Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. Estimates are required in determining the Group's tax assets and liabilities. Deferred tax assets have been recognised to the extent that they are recoverable based on profit projections for future years. Income tax liabilities for anticipated issues have been recognised based on estimates of whether additional tax will be due. Notwithstanding the above, the Group believes that it will recover tax assets and has adequate provision to cover all tax risks across all business operations. See note 11 for more details.

(iii) Lease asset impairments

The Group has impaired the right-of-use assets in respect of several properties that the Group have exited as part of the ongoing integration following the CSS acquisition. This is based on the properties themselves being a cash generating unit in line with IAS 36 as they are being actively marketed for subtenants. As at 31 March 2021, the Group has had no offers from potential subtenants and given that this position is expected to continue for the foreseeable future, these leased properties have been impaired in full. The total asset impairment in 2021 is $6.0 million.

(iv) Provision for slow moving inventory

The Group has guidelines for providing for inventory which may be sold below cost due to its age or condition. The Directors assess the inventory at each location and in some cases decide that there are specific reasons to provide more than the guideline levels, or less if there are specific action plans in place which mean the guideline provision level is not required. Determining the level of inventory provision requires an estimation of likely future realisable value of the inventory in various time frames and comparing with the cost of holding stock for those time frames, this is not a precise estimate and is based on best data at the time of recognition. Regular monitoring of stock levels, the ageing of stock and the level of the provision is carried out by the Directors to reassess this estimate. The assumptions made in relation to the current period are consistent with those in the prior year. In addition, in light of Covid-19, further assessment of the recoverability of any aged inventory has been undertaken as at 31 March 2021. As at 31 March 2021, inventory provisions were $46 million against a gross inventory value of $222 million (2020: $49 million provision, $210 million gross inventory value). This provision estimate is subject to potential material change, for example if market conditions change because Covid-19 restrictions result in customer store closures, or expected customer demand fluctuates. A 10% change in the provision would create a difference of $4m.

Accounting judgements

(i) Adjusting items

Judgement is required to determine whether items should be included within Adjusting items by virtue of their size or incidence.

Specific judgements have been made in the estimates associated with Adjusting items and further details of the items categorised as Adjusting items and how estimates have been made are disclosed in note 3.

2 Segmental information

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

Following the acquisition of CSS, the business has been restructured with the consolidation of the UK, European and Australian businesses under one operating segment: International. As such the Board has re-evaluated the reporting segments for the Group and for management purposes the Group is now organised into two reporting segments. These are the segments as reported to, and evaluated by, the Chief Operating Decision Makers for the Group.

The acquisition of CSS has seen additional entities in various locations around the world including Asia, Australia, UK, India and Mexico. This forms part of the Americas segment for the purpose of segmental reporting.

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

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

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

	DG Americas[a] $000	DG International $000	Central and eliminations $000	Group $000
Year ended 31 March 2021				
Revenue – external	613,909	259,307	—	873,216
– inter segment	66	5,995	(6,061)	—
Total segment revenue	613,975	265,302	(6,061)	873,216
Segment result before adjusting items and management recharge	21,015	25,767	(4,760)	42,022
Adjusting items (note 3)				(22,168)
Operating profit				19,854
Finance expenses				(5,016)
Finance expenses treated as an Adjusting item (note 3)				(163)
Income tax				(4,234)
Profit for the year ended 31 March 2021				10,441
Balances at 31 March 2021				
Segment assets	469,192	230,590	63,472	763,254
Segment liabilities	(216,940)	(86,553)	(67,742)	(371,235)
Capital expenditure additions				
– property, plant and equipment	4,589	2,711	90	7,390
– intangible assets	963	37	—	1,000
– right-of-use assets	30,207	2,733	—	32,940
Depreciation – property, plant and equipment	7,760	5,774	1	13,535
Amortisation – intangible assets	6,510	408	—	6,918
Depreciation – right-of-use assets	12,739	5,265	74	18,078
Impairment – right-of-use assets	5,969	—	—	5,969

Including overseas entities for the Americas operating segment.

	DG Americas[a]	DG International	Central and eliminations	Group
	$000	$000	$000	$000
Year ended 31 March 2020				
Revenue – external	355,917	268,423	—	624,340
– inter segment	—	7,071	(7,071)	—
Total segment revenue	355,917	275,494	(7,071)	624,340
Segment result before adjusting items and management recharge	20,064	24,877	(4,017)	40,924
Adjusting items (note 3)				(36,318)
Operating profit				4,606
Finance expenses				(5,479)
Income tax				18,276
Profit for year ended 31 March 2020				17,403
Balances at 31 March 2020				
Segment assets (restated)[b]	425,977	210,380	60,151	696,508
Segment liabilities (restated)[b]	(198,607)	(95,410)	(26,648)	(320,665)
Capital expenditure additions				
– property, plant and equipment	3,372	7,087	4	10,463
– property, plant and equipment on acquisition of business (restated)[b]	39,692	—	—	39,692
– intangible assets	3,419	236	83	3,738
– intangible assets on acquisition of business	5,960	—	—	5,960
– right-of-use assets	790	6,515	33	7,338
– right-of-use assets on acquisition of business	40,650	—	—	40,650
Depreciation – property, plant and equipment	3,034	5,411	3	8,448
Impairment – property, plant and equipment	—	432	—	432
Amortisation – intangible assets	4,341	475	—	4,816
Depreciation – right-of-use assets	4,222	4,619	70	8,911

a) Including overseas entities for the Americas operating segment.

b) For more detail please refer to note 1

The Group has one customer that accounts for 24% (2020: 22%) of the total Group revenues. In the year ended 31 March 2021 total sales to that customer were $211.9 million (2020: $134.2 million). This customer falls solely within the Americas operating segment above. No other single customer accounts for over 10% of total sales.
The assets and liabilities that have not been allocated to segments include deferred tax assets $18.4 million (2020: $18.1 million), income tax receivable $2.4 million (2020: $18.4 million), income tax payable of $10.1 million (2020: $5.5 million) and deferred tax liability $2.1 million (2020: $4.6 million).

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

	Non-current assets	
		Restated[a]
	2021	2020
	$000	$000
DG Americas	**184,331**	181,704
DG International	**114,126**	108,996
	298,457	290,700

a) For more detail please refer to note 1

Revenue by customer destination

	2021	2020	**2021**	2020
	$000	$000	**%**	%
Americas	**621,734**	382,950	**71**	61
Rest of the world	**251,482**	241,390	**29**	39
	873,216	624,340	**100**	100

All revenue arose from the sale of goods.

3 Operating expenses and adjusting items

Included in the income statement are the following charges/(credits):

	Note	**2021 $000**	2020 $000
Depreciation of tangible fixed assets	8	**13,535**	8,448
Depreciation and impairment of right-of-use assets	10	**24,047**	8,911
Loss/(profit) on sales of property, plant and equipment and intangible assets		**165**	(246)
Release of deferred grant income	5	**(130)**	(380)
Amortisation of intangible assets – software	9	**3,840**	1,243
Sub-lease rental income	5	**(559)**	(358)
Write down of inventories to net realisable value (non-adjusting)	12	**19,287**	6,846
Reversal of previous write downs of inventory	12	**(427)**	(4,933)
(Income)/loss on foreign exchange		**(483)**	1,055
Adjusting items		**22,331**	36,318

	2021 $000	2020 $000
Operating profit analysed as:		
Adjusted operating profit	**42,022**	40,924
Adjusting items	**(22,168)**	(36,318)
Operating profit	**19,854**	4,606

Adjusting items

Year ended 31 March 2021	**Cost of sales $000**	**Selling expenses $000**	**Admin expenses $000**	**Loss on disposal $000**	**Other finance expenses $000**	**Total $000**
Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses[1]	**—**	**—**	**74**	**208**	**—**	**282**
Acquisition integration and restructuring costs/(income)[2]	**993**	**(162)**	**14,402**	**91**	**163**	**15,487**
(Reversal of impairment)/impairment of assets[3]	**(3,709)**	**(2,100)**	**—**	**—**	**—**	**(5,809)**
Incremental Covid-19 costs[4]	**603**	**—**	**913**	**—**	**—**	**1,516**
IT security incident costs[5]	**1,107**	**—**	**1,093**	**—**	**—**	**2,200**
Amortisation of acquired intangibles[6]	**—**	**—**	**4,463**	**—**	**—**	**4,463**
Share-based payment charges [7]	**—**	**—**	**4,192**	**—**	**—**	**4,192**
Adjusting items	**(1,006)**	**(2,262)**	**25,137**	**299**	**163**	**22,331**

Year ended 31 March 2020	Cost of sales $000	Selling expenses $000	Admin expenses $000	Profit on sale of business $000	Other finance expenses $000	Total $000
Losses/(gains) and transaction costs relating to acquisitions and disposals of businesses[1]	32	—	5,918	(1,836)	—	4,114
Acquisition integration and restructuring costs[2]	7,066	—	4,960	—	—	12,026
Impairment of assets[3]	8,021	3,789	—	—	—	11,810
Incremental Covid-19 costs[4]	327	—	292	—	—	619
Amortisation of acquired intangibles[6]	—	—	3,573	—	—	3,573
Share-based payment credits[7]	—	—	(252)	—	—	(252)
US tariffs[8]	4,428	—	—	—	—	4,428
Adjusting items	19,874	3,789	14,491	(1,836)	—	36,318

Adjusting items are separately presented by virtue of their nature, size and 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 losses/(gains) relating to the year ended 31 March 2021 are broken down as follows:

[1]*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.

An additional $208,000 of transaction costs associated with the disposal of Zhejiang Shaoxing Royal Arts and Crafts Co. Ltd ('Shaoxing') were incurred during the year along with expenditure in relation to any other potential acquisitions reviewed in the year.

For the year ended 31 March 2020 the total net cost incurred by the Group was $4.1 million, including costs associated with the acquisition of CSS, along with acquisition related employee payments from the Impact transaction and the profit on disposal of Shaoxing.

[2]*Acquisition integration and restructuring costs/(income)*
In order to realise synergies from acquisitions, integration projects are 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 the Board considers it is appropriate that costs associated with projects of this nature be included as Adjusting items.

The main costs in the year relate to the integration of CSS into the enlarged DG Americas business. These include integration consultancy expenditure, severance and temporary labour costs, as the newly integrated team structures following the acquisition have been established, and the impact of the impairment of the lease assets and costs associated with the closure of excess sites. On acquisition the CSS business had a large portfolio of owned and leased sites, and as part of the integration sites in Nashville, Tennessee; Midway, Georgia; Budd Lake, New Jersey and Hong Kong have been closed. In addition, costs associated with the consolidation of the Midway distribution operations into Shorewood are included.

In respect of vacant leased properties, marketing for sub-tenancy is ongoing. As at 31 March 2021, the Group has had no offers from potential subtenants and given that this position is expected to continue for the foreseeable future, these leased properties have been impaired in full.

The tax refund as a result of the US Covid-19 Coronavirus Aid, Relief and Economic Security ('CARES') Act, recognised as an Adjusting tax credit in the prior year, was received during the year ended 31 March 2021. The refund also attracted interest income which has been recognised in Adjusting items in the period.

Furthermore, in the UK and Australia, as a result of Covid-19, workforce restructuring costs were treated as Adjusting items.

For the year ended 31 March 2020 $12.0 million of costs relating to the integration of manufacturing facilities in Memphis (which has now largely concluded), transition and retention costs as well as costs relating to the CSS integration were recognised as Adjusting items.

[3]*(Reversal of impairment)/impairment of assets*
In light of the unknown impact of Covid-19 on the business, a review of inventory, trade receivables and fixed assets was undertaken at the last financial year end. Inventories were assessed at 31 March 2020 for the net realisable value and an impairment of $7.4 million was taken. Similarly trade receivables were assessed for their expected credit loss in line with IFRS 9 and an impairment of $3.8 million was taken.

As at 31 March 2021 $2.4 million of the trade receivables impairment has been reversed as it is no longer required and following a review of sell-through rates in respect of inventory $4.0 million was released. These releases are partially offset by $599,000 of additional Covid-19 related impairment charges taken during the year.

[4]*Incremental Covid-19 costs*
The Covid-19 outbreak developed rapidly in 2020 and continued into the first calendar quarter of 2021, with measures taken around the world to contain the virus affecting economic activity. The Group has been affected in every territory in which we operate and the impact on the general economic environment and the reduced demand of goods from our customers as well as the closures of our businesses has had a significant impact. Certain incremental costs relating to direct labour equal to $0.9 million are included in Adjusting items. The most significant element of these costs relate to additional 'hazard pay' labour costs across our manufacturing facilities in the USA and Mexico in order to ensure our employees have returned to work.

In addition, laws were passed in India and Mexico that meant no workforce reductions were allowed during closed/lockdown periods which meant higher employee costs were being incurred than ordinarily would have in that situation. This resulted in the business incurring direct incremental costs of labour whilst not producing anything and incurring periods of significant downtime. When employees returned to work post lockdown labour costs were paid again once production started, effectively doubling the costs to produce.

The Board have taken a judgement not to include government assistance received in the period as an Adjusting item as the underlying employee expenditure would not have been incurred if the government assistance was not received.

In the year ended 31 March 2020, $619,000 of direct incremental costs associated with Covid-19 had been incurred by the Group.

[5]*IT security incident costs*

The IT security incident which occurred in the Americas business in October/November 2020 resulted in one-off costs specifically in relation to crisis management, legal, forensic, and data recovery costs including server/hardware repair and replacement. In addition, there were IT overtime costs, customer penalties from delayed shipments and expedited freight costs to avoid delays. These costs have been treated as an Adjusting item in 2021. The lost sales associated with the IT outage do not form part of the Adjusting items, however, will form part of our claim under insurance policies which is currently in preparation. No insurance proceeds have been recognised in the year and any future proceeds received associated with Adjusting items will be recognised in Adjusting items.

[6]*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 brands 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 an appropriately judged period. 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 trade names and brands acquired as part of the acquisition of Impact and CSS in the USA and Biscay Pty Greetings Ltd in Australia. As such we include these as Adjusting items. Note that the trade names acquired as part of the acquisition of The Lang Companies Inc. were fully amortised in the prior year.

In addition, in accordance with IFRS 3, on acquisition, businesses need to be fair valued, which can result in an uplift to stock on hand relating to sales orders already attached to the acquired stock. This uplift will distort the margins associated with the stock, and typically unwinds quickly as stock is sold soon after acquisition. The unwind of the stock uplift ($1.4 million) associated with the CSS acquisition is included as an Adjusting item, consistent with the treatment adopted with the Impact acquisition. This fully unwound as at 31 March 2021.

[7]*Share-based payment charges/(credits)*

As part of our senior management remuneration, the Group operates a Long Term Incentive Plan ('LTIP') including the newly created Value Creation Scheme ('VCS') in the form of options for ordinary shares of the Group. In accordance with accounting principles, despite this plan not being a cash cost to the business (except for associated social security costs), a share-based payment charge or credit is taken to the income statement. We consider that these charges do not form part of the underlying operational costs and therefore include these as Adjusting items. The share based payment charge for the period is $4.2 million which consists of a principal IFRS 2 charge of $3.7 million and an employer's social security charge of $524,000.

As at 31 March 2020, a credit of ($0.3) million had been taken.

[8]*US tariffs*

There is no adjustment for US tariff with China (s301) costs in the year ended 31 March 2021. In the year ended 31 March 2020 there was an adjustment of $4.4 million reflecting the rapid evolution of tariffs during that year with no advance warning. The timing of the introduction of tariffs meant a majority of our purchase orders had already been agreed with customers and suppliers effectively creating a situation where the US business was locked into commitments that could not be renegotiated. This impact has not been repeated in the financial year ended 31 March 2021 as the business was able to better mitigate the effect of tariffs.

The cash flow effect of adjusting items

There was $1.0 million net outflow in the current year cash flow (2020: $16.6 million) relating to Adjusting items. The net outflow included an inflow relating to the US tax NOL refunds received in the year, as well as outflow of $6.4 million (2020: $899,000 deferred from the prior year.)

Auditors' remuneration:

	2021	2020
	$000	$000
Amounts receivable by auditor and its associates in respect of:		
Audit of these financial statements	**947**	908
Audit of financial statements of subsidiaries pursuant to legislation		
– Overseas subsidiaries	**182**	127
– UK subsidiaries	**88**	89
Other audit related services	**65**	57
Taxation compliance services	**498**	279
All other taxation advisory services	**114**	43
Services relating to corporate finance transactions	**—**	694

Additional audit fees were charged in the year of $221,000 relating to the 2019/2020 financial audit. These are not included in the above table.

4 Staff numbers and costs

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

	Number of employees	
	2021	2020
Selling and administration	**1,244**	700
Production and distribution	**2,849**	1,858
	4,093	2,558

The aggregate payroll costs of these persons were as follows:

		2021	2020
	Note	**$000**	$000
Wages and salaries		**152,406**	94,095
Share-based payments	23	**4,192**	(252)
Social security costs		**13,114**	7,678
Other pension costs		**2,835**	4,086
		172,547	105,607

Included within the employee numbers above are 500 (2020: 713) of agency staff that are employed temporarily during peak manufacturing season mainly in Huizhou, the costs associated with these employees total $2.7 million (2020; $4.0 million) and are included in the total payroll costs above.

For information on Directors' remuneration please refer to the section titled 'Directors' remuneration' within the Directors' remuneration report within the Group's Annual Report, which forms part of these audited financial statements.

5 Other operating income

	2021	2020
	$000	$000
Grant income received	**130**	380
Sub-lease rental income	**559**	358
Government assistance	**3,263**	—
Other	**114**	189
	4,066	927

$274,000 of government assistance has been included within cost of sales.

6 Finance expenses

	2021	2020
	$000	$000
Interest payable on bank loans and overdrafts	**569**	2,532
Other similar charges	**1,036**	383
Lease liability interest	**3,334**	2,043
Unwinding of fair value discounts	**79**	86
Interest payable under the effective interest method	**5,018**	5,044
Derivative financial instruments at fair value through the income statement	**(2)**	435
Finance expenses before Adjusting items	**5,016**	5,479
Adjusting items (note 3)	**163**	—
	5,179	5,479

7 Taxation

Recognised in the income statement

	2021	2020
	$000	$000
Current tax charge/(credit)		
Current year	**6,077**	(13,829)
Adjustments in respect of previous years	**(73)**	(606)
	6,004	(14,435)
Deferred tax (credit)		
Origination and reversal of temporary differences	**(1,724)**	(3,283)
Adjustments in respect of previous years	**(46)**	(558)
	(1,770)	(3,841)
Total tax in income statement	**4,234**	**(18,276)**
Total tax charge/(credit) on adjusting items		
Total tax on profit before adjusting items	**9,410**	7,113
Total tax on adjusting items	**(5,176)**	(8,053)
Adjusting item – tax credit (US tax loss carryback)	**—**	(17,336)
Total tax charge/(credit) in income statement	**4,234**	**(18,276)**

Reconciliation of effective tax rate

	2021	2020
	$000	$000
Profit/(loss) before tax	**14,675**	(873)
Profit/(loss) before tax multiplied by the standard rate of corporation tax rate of 19% in the UK (2020: 19%)	**2,788**	(166)
Effects of:		
Income not taxable	**(184)**	(433)
Expenses not deductible for tax purposes	**568**	778
Effect of tax rate changes	**—**	(155)
Differences between UK and overseas tax rates	**1,290**	546
Movement in uncertain tax provision	**175**	(580)
Other items	**(284)**	234
Adjustments in respect of previous periods	**(119)**	(1,164)
US tax loss carryback	**—**	(17,336)
Total tax charge/(credit) in income statement	**4,234**	**(18,276)**

8 Property, plant and equipment

	Land and buildings		Plant and	Fixtures and	Motor	
	Freehold	Leasehold	equipment	fittings	vehicles	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance at 1 April 2019	27,361	2,894	80,564	5,502	1,466	117,787
Additions	766	260	8,610	510	317	10,463
Additions on acquisition of business (note 28) (restated)[a]	20,471	1,194	17,500	334	193	39,692
Transfers between fixed asset categories	(1,541)	—	529	515	497	—
Transfers to computer software	—	—	—	2,891	—	2,891
Disposals	—	—	(1,509)	(221)	(157)	(1,887)
Disposal of a business (note 28)	—	—	(482)	—	—	(482)
Effect of movements in foreign exchange	(868)	(17)	(2,223)	(199)	(117)	(3,424)
Balance at 1 April 2020 (restated)[a]	46,189	4,331	102,989	9,332	2,199	165,040
Additions	146	1,118	3,200	2,797	129	7,390
Transfer between categories	—	—	2,279	(2,279)	—	—
Disposals	—	(61)	(203)	(528)	(195)	(987)
Effect of movements in foreign exchange	2,179	183	5,928	567	262	9,119
Balance at 31 March 2021	**48,514**	**5,571**	**114,193**	**9,889**	**2,395**	**180,562**
Depreciation and impairment						
Balance at 1 April 2019	(14,992)	(2,607)	(43,739)	(3,780)	(883)	(66,001)
Depreciation charge for the year	(1,179)	(250)	(5,997)	(808)	(214)	(8,448)
Impairment charge for the year	—	—	(432)	—	—	(432)
Transfers between fixed asset categories	670	(16)	(79)	(190)	(385)	—
Transfers to computer software	—	—	—	(2,185)	—	(2,185)
Disposals	—	—	1,146	89	135	1,370
Disposal of a business (note 28)	—	—	349	—	—	349
Effect of movements in foreign exchange	564	71	1,214	143	59	2,051
Balance at 1 April 2020	(14,937)	(2,802)	(47,538)	(6,731)	(1,288)	(73,296)
Depreciation charge for the year	(1,874)	(773)	(8,353)	(2,231)	(304)	(13,535)
Transfers between fixed asset categories	—	—	(1,806)	1,806	—	—
Disposals	—	30	96	376	173	675
Effect of movements in foreign exchange	(1,378)	(167)	(4,065)	(426)	(167)	(6,203)
Balance at 31 March 2021	**(18,189)**	**(3,712)**	**(61,666)**	**(7,206)**	**(1,586)**	**(92,359)**
Net book value						
At 31 March 2021	**30,325**	**1,859**	**52,527**	**2,683**	**809**	**88,203**
At 31 March 2020 (restated)[a]	31,252	1,529	55,451	2,601	911	91,744

a) For more detail please refer to note 1

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

Security
Certain freehold properties are subject to a fixed charge in support of the banking facility.

9 Intangible assets

	Goodwill $000	Computer software $000	Trade names $000	Customer relationships $000	Other intangibles $000	Total $000
Cost						
Balance at 1 April 2019	95,921	10,169	2,141	24,040	172	132,443
Additions	—	3,738	—	—	—	3,738
Additions on acquisition of business (note 28) (restated)[(a)]	3,814	2,860	3,100	—	—	9,774
Transfer from fixed assets	—	(2,891)	—	—	—	(2,891)
Disposals	—	(309)	—	—	—	(309)
Effect of movements in foreign exchange	(2,361)	(189)	(29)	(119)	(8)	(2,706)
Balance at 1 April 2020 (restated)[(a)]	97,374	13,378	5,212	23,921	164	140,049
Additions	—	1,000	—	—	—	1,000
Disposals	—	(153)	—	—	—	(153)
Effect of movements in foreign exchange	4,910	316	50	180	14	5,470
Balance at 31 March 2021	**102,284**	**14,541**	**5,262**	**24,101**	**178**	**146,366**
Amortisation and impairment						
Balance at 1 April 2019	(13,177)	(5,647)	(766)	(2,206)	(144)	(21,940)
Amortisation charge for the year	—	(1,243)	(1,434)	(2,139)	—	(4,816)
Transfers from fixed assets	—	2,185	—	—	—	2,185
Disposals	—	308	—	—	—	308
Effect of movements in foreign exchange	169	165	23	68	3	428
Balance at 1 April 2020	(13,008)	(4,232)	(2,177)	(4,277)	(141)	(23,835)
Amortisation charge for the year	—	(3,840)	(1,057)	(2,021)	—	(6,918)
Disposals	—	47	—	—	—	47
Effect of movements in foreign exchange	(311)	(265)	(47)	(155)	(8)	(786)
Balance at 31 March 2021	**(13,319)**	**(8,290)**	**(3,281)**	**(6,453)**	**(149)**	**(31,492)**
Net book value						
At 31 March 2021	**88,965**	**6,251**	**1,981**	**17,648**	**29**	**114,874**
At 31 March 2020 (restated)[(a)]	84,366	9,146	3,035	19,644	23	116,214

a) For more detail please refer to note 1

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

The aggregate carrying amounts of goodwill allocated to each cash-generating unit group are as follows:

	2021 **$000**	Restated[(a)] 2020 $000
UK and Asia	**35,240**	31,743
Europe	**7,056**	6,669
USA	**42,872**	42,875
Australia	**3,797**	3,079
	88,965	84,366

a) For more detail please refer to note 1

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

Impairment

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

For the purposes of impairment testing, goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to the business unit, or group of business units, that are expected to benefit from the synergies of the combination, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is referred to below as a cash-generating unit group. The recoverable amounts of cash-generating unit groups are determined from the higher of value in use and fair value less costs to sell.

The Group has prepared updated forecasts following the outbreak of the Covid-19 pandemic for each cash-generating unit Group for the following two years and these have been reviewed by the Board. The key assumptions in those forecasts are sales, margins achievable and overhead costs, which are based on past experience and future expectations. The Group then extrapolates cash flows for the following three years to determine discounted cash flows for five years plus a terminal value based on a conservative estimate of market growth of 1.0% (2020: 1.0%).

Generally, the Group's post‑tax weighted average cost of capital ('WACC') is 6.8% prior to any risk factor, and 7.3% post application of a 0.5% risk weighting. This has been compared to other similar companies and is believed to be appropriate by the Directors.

The cash-generating unit groups used the following pre-tax discount rates which are derived from an estimate of the Group's future WACC adjusted to reflect the market assessment of the risks specific to the current estimated cash flows over the same period and the relevant tax rate for each cash-generating unit group.

Pre-tax discount rates used were:

	2021	2020
UK and Asia	**9.1%**	8.5%
Europe	**9.5%**	9.6%
USA	**9.5%**	9.3%
Australia	**10.2%**	10.2%

In all businesses, the carrying value of the goodwill was supported by the recoverable amount and there are currently no reasonably foreseeable changes to assumptions that would give rise to an impairment of the carrying value.

The Directors do not believe a reasonably possible change to the assumptions would give rise to an impairment. The Directors have considered a 2% movement in the discount rate, a flat budget growth rate assumption as well as a climate change risk assessment impact in their sensitivity assessment; with these changes in assumptions there is still significant headroom and no indication of impairment.

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

	Land and buildings $000	Plant and machinery $000	Motor vehicles $000	Office equipment $000	Total $000
Net book value at 1 April 2019	43,858	1,279	634	382	46,153
Additions	6,852	211	150	125	7,338
Additions on acquisition of business	39,698	619	119	214	40,650
Disposals	(20)	—	—	(23)	(43)
Disposal of a business	(572)	—	—	—	(572)
Depreciation charge	(7,886)	(522)	(358)	(145)	(8,911)
Effect of movements in foreign exchange	(1,802)	(33)	(15)	(23)	(1,873)
Net book value at 1 April 2020	80,128	1,554	530	530	82,742
Additions	32,016	298	223	403	32,940
Disposals	—	—	(17)	—	(17)
Depreciation charge	(16,754)	(629)	(379)	(316)	(18,078)
Impairment	(5,969)	—	—	—	(5,969)
Effect of movements in foreign exchange	3,467	73	23	199	3,762
Net book value at 31 March 2021	**92,888**	**1,296**	**380**	**816**	**95,380**

Additions include lease modifications of $2.4 million (2020: $2.7 million).

Income statement
The income statement shows the following amounts relating to leases:

	2021 $000	2020 $000
Interest expense (included in finance expenses)	**3,685**	2,043
Depreciation charge	**18,078**	8,911
Impairment	**5,969**	—
Expense relating to short term leases	**153**	3,114

Low value lease costs were negligible in the year.

At 31 March 2021, the Group had estimated lease commitments for leases not yet commenced of $1.4 million (2020: $16.2 million).

Movement in lease liabilities

	2021	2020
	$000	$000
Balance at 1 April	**(95,413)**	—
Recognised on adoption of IFRS 16	**—**	(52,118)
	(95,413)	(52,118)
Cash flow - financing activities	**19,184**	8,430
Additions	**(33,200)**	(7,337)
Additions on acquisition of business	**—**	(47,344)
Disposals	**17**	44
Disposal of a business	**—**	623
Effect of movements in foreign exchange	**(4,510)**	2,289
Balance at 31 March	**(113,922)**	**(95,413)**

Total cash outflow in relation to leases is as follows:

	2021	2020
	$000	$000
Included in financing activities - payment of lease liabilities	**19,184**	8,430
Included in interest and similar charges paid	**3,685**	2,043
Short term leases	**130**	3,092
	22,999	13,565

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2021	2020
	$000	$000
Less than one year	**153**	460
Between one and five years	**—**	—
More than five years	**—**	—
	153	460

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

	2021	2020
	$000	$000
Sub-lease income in the year from sub-leasing right-of-use assets	**559**	358

Non-cancellable operating lease rentals are receivable as follows:

	2021	2020
	$000	$000
Less than one year	**466**	384
Between one and five years	**348**	405
	814	789

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Property, plant and equipment and intangible assets $000	Tax losses carried forward $000	Share-based payments $000	Doubtful debts $000	Other timing differences[b] $000	Total $000
At 1 April 2019	(5,769)	2,436	2,253	1,859	3,014	3,793
(Charge)/credit to income statement	(249)	2,042	(136)	2,104	80	3,841
(Charge)/credit to equity	87	216	(621)	(6)	714	390
Acquisitions (restated)[a]	11,344	—	—	—	(5,859)	5,485
At 31 March 2020	5,413	4,694	1,496	3,957	(2,051)	13,509
Deferred tax liabilities	(1,546)	—	—	—	(186)	(1,732)
Deferred tax assets	6,959	4,694	1,496	3,957	(1,865)	15,241
	5,413	4,694	1,496	3,957	(2,051)	13,509

	Property, plant and equipment and intangible assets $000	Tax losses carried forward $000	Share-based payments $000	Doubtful debts $000	Other timing differences[b] $000	Total $000
At 1 April 2020	5,413	4,694	1,496	3,957	(2,051)	13,509
(Charge)/credit to income statement	96	3,146	33	(2,611)	1,106	1,770
(Charge)/credit to equity	(134)	551	155	8	383	963
At 31 March 2021	**5,375**	**8,391**	**1,684**	**1,354**	**(562)**	**16,242**
Deferred tax liabilities	(1,834)	—	(3)	—	(4,968)	(6,805)
Deferred tax assets	7,209	8,391	1,687	1,354	4,406	23,047
	5,375	**8,391**	**1,684**	**1,354**	**(562)**	**16,242**

a) For more detail please refer to note 1

b) Other timing differences include a deferred tax closing balance of $4.1 million (2020: $5.7 million (restated)[a]) in respect of provision for inventory and $3.1 million (2020: $1.5 million) in respect of leases.

Deferred tax is presented net on the balance sheet in so far as a right of offset exists. The net deferred tax asset is $18.4 million (2020: $18.1 million) and the net deferred tax liability is $2.1 million (2020: $4.6 million (restated)[a]). Deferred tax assets and liabilities are treated as non-current as it is expected that they will be recovered or settled more than twelve months after the reporting date.

The deferred tax asset in respect of tax losses carried forward at 31 March 2021 of $8.4 million (2020: $4.7 million) comprises UK tax losses of $3.3 million (2020: $2.3 million), US tax losses of $5.0 million (2020: $2.2 million) and Asia tax losses of $156,000 (2020: $136,000). All of these recognised tax losses may be carried forward indefinitely. The deferred tax assets have been recognised where the Board considers there is sufficient evidence that taxable profits will be available against which the tax losses can be utilised. The Board expects that the tax losses will be recoverable against future profits. There are unrecognised deferred tax assets in respect of UK losses of $884,000 (2020: $796,000).

In the Americas segment there are gross temporary differences of $76.4 million (2020: $101.6 million) and unused tax losses, with no expiry date, of $23.0 million (2020: $9.4 million) on which deferred tax assets have not been provided. Deferred tax assets have not been recognised on these primarily as a result of restrictions under the US change in ownership rules following the acquisition of CSS.

A deferred tax liability of $101,000 (2020: $99,000) has been recognised based on the tax cost of remitting earnings from China. No other deferred tax liability has been recognised on unremitted earnings of the overseas subsidiaries as if all unremitted earnings were repatriated with immediate effect, no other tax charge would be payable. The UK Budget 2021 announcement on 3 March 2021 included an increase in the UK standard rate of corporation tax to 25% effective from 1 April 2023. Given that these changes were not substantively enacted at the balance sheet date, deferred tax has been measured at 19%. If the UK deferred tax was remeasured at the balance sheet date at 25%, the net deferred tax asset would increase by $1.2 million.

Included within current tax liabilities is $6.1 million (2020: $5.9 million) in respect of uncertain tax positions. This consists of various tax risks of which the majority are individually not material. As a result of the acquisition of CSS in March 2020, additional liabilities were recognised in the prior year in respect of inherited uncertain tax positions. Of these liabilities, there is one individual liability that is material ($3.1 million). These risks arise because the Group operates in a complex multinational tax environment. The position is reviewed on an ongoing basis and generally these tax positions are released at the end of the relevant territories' statute of limitations.

A total tax credit of $214,000 (2020: $213,000) has been recognised through the statement of changes in equity in respect of share-based payments consisting of a deferred tax credit of $214,000 (2020: $179,000 charge) and current tax credit of $nil (2020: $392,000). In the prior year a deferred tax credit of $1.0 million was recognised through the statement of changes in equity on adoption of IFRS 16 Leases. There are no deferred tax balances with respect to cash flow hedges.

12 Inventory

	2021	Restated[a] 2020
	$000	$000
Raw materials and consumables	**23,219**	24,658
Work in progress	**27,632**	25,011
Finished goods	**125,314**	119,745
	176,165	169,414

a) For more detail please refer to note 1

In 2021, materials, consumables, changes in finished goods and work in progress of $613.3 million (2020: $456.1 million) were recognised as an expense during the year and included in cost of sales.

Inventories have been assessed at the 2021 year end and an impairment of $19.3 million (2020: $6.8 million) has been taken to reduce the value of inventories to net realisable value and recognised as an expense. In addition to this, inventories have been reduced by a further $0.3 million (2020: $7.6 million) due to the impact of Covid-19, which is offset by previous Covid-19 write downs which have been reversed of $4.0 million (2020: nil). The impairment expense in 2021 has been reduced by the reversal of previous write downs amounting to $0.4 million (2020: $4.9 million) due to inventory either being used or sold.

13 Long term assets and trade and other receivables

	2021	2020
	$000	$000
Acquisition indemnities	**856**	720
UK pension surplus	**676**	598
Security deposits	**1,011**	1,087
Insurance related assets	**3,178**	3,818
	5,721	6,223

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

Trade and other receivables are as follows:

	2021	2020
	$000	$000
Trade receivables	**115,858**	96,368
Prepayments, other receivables and accrued income (restated)	**13,066**	13,268
VAT receivable	**295**	411
	129,219	110,047

The Group has receivable financing arrangements in Hong Kong. None of this facility was drawn at 31 March 2021 (2020: $nil).

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

There are no trade receivables in the current year (2020: $nil) expected to be recovered in more than twelve months.

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

14 Cash and cash equivalents/bank overdrafts

	2021	2020
	$000	$000
Cash and cash equivalents	**132,760**	83,200
Bank overdrafts	**(57,033)**	(31,003)
Cash and cash equivalents and bank overdrafts per cash flow statement	**75,727**	52,197

Net cash

		2021	2020
	Note	**$000**	$000
Cash and cash equivalents		**75,727**	52,197
Bank loans and overdrafts	15	**—**	(987)
Loan arrangement fees		**723**	1,209
Net cash as used in the financial review cash flow statement		**76,450**	52,419

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

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

Changes in net cash

	Loans and borrowings	Loan arrangement fees	Sub total	Other assets Cash/bank overdrafts	Total
	$000	$000	$000	$000	$000
Balance at 1 April 2019	(3,127)	40	(3,087)	25,296	22,209
Cash flows	1,917	1,571	3,488	32,719	36,207
Changes from financing cash flows					
Amortisation of loan arrangement fees	—	(368)	(368)	—	(368)
Effect of movements in foreign exchange	223	(34)	189	(5,818)	(5,629)
Balance at 1 April 2020	(987)	1,209	222	52,197	52,419
Cash flows	1,158	—	1,158	24,777	25,935
Changes from financing cash flows					
Amortisation of loan arrangement fees	—	(588)	(588)	—	(588)
Effect of movements in foreign exchange	(171)	102	(69)	(1,247)	(1,316)
Balance at 31 March 2021	**—**	**723**	**723**	**75,727**	**76,450**

15 Loans and borrowings

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

	2021	2020
	$000	$000
Non-current liabilities		
Secured bank loans	**—**	432
Loan arrangement fees	**(103)**	(651)
	(103)	(219)
Current liabilities		
Current portion of secured bank loans	**—**	555
Loan arrangement fees	**(620)**	(558)
	(620)	(3)

Terms and debt repayment schedule

	2021	2020
	$000	$000
Due within one year:		
Bank loans and borrowings	—	555
Due between one and two years:		
Secured bank loans	—	432
	—	987

Secured bank loans

On 5 June 2019, the Group entered into a new three year Group facility with a club of five banks chosen to reflect and support the geographical spread of the Group. The banks within the club are HSBC, NatWest, Citigroup (who replaced BNP Paribas), Truist Bank (as successor by merger to SunTrust Bank) and PNC.

On 17 January 2020 a facility increase was agreed to support the acquisition of CSS on 3 March 2020 and to accommodate the enlarged Group.

The facilities, which were extended in May 2021 to run to June 2023, comprise:

- a revolving credit facility ('RCF A') of $95.0 million;
- a further flexible revolving credit facility ('RCF B') with availability varying from month to month of up to £130.0 million. This RCF is flexed to meet our working capital requirements during those months when inventory is being built within our annual business cycle and is £nil when not required, minimising carry costs; and
- an invoice financing arrangement in Hong Kong maximum limit $18.0 million but dependent on level of eligible receivables.

In total, the peak accessible facilities are approximately $287.3 million (maximum $292.0 million) and are more than sufficient to cover our peak requirements. Being partially denominated in US dollars they also provide a hedge against currency movements. The facilities, which do not amortise with time, include an additional uncommitted amount to finance potential acquisitions.

Invoice financing arrangements are secured over the trade receivables that they are drawn on. The RCF facilities are secured with a fixed and floating charge over all other assets of the Group. Amounts drawn under revolving credit facilities are classified as current liabilities as the Group expects to settle these amounts within 12 months.
There are financial covenants, tested quarterly, attached to the existing facilities as follows:

- interest cover, being the ratio of Adjusted earnings before interest, depreciation and amortisation (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.

Covenants are measured on pre IFRS 16 accounting definitions.

There is 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.

In January 2018, the Group's Australia business obtained a secured loan from Westpac of $6.5 million (AU$9.0 million). The final $1.2 million was repaid during the period which results in a nil balance at 31 March 2021. The Australia business also borrows from Westpac for financing working capital and the current facility level is AU$5.0 million from January to June and AU$10.0 million July to December.

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 one of its key customers and the associated balances are recognised as trade receivables until receipt of the payment from the bank at which point the receivable is derecognised. This arrangement is not considered to have had a significant impact on the Group's cashflow in the year.

16 Deferred income

	2021	2020
	$000	$000
Included within non-current liabilities		
Deferred grant income	**486**	561
Included within current liabilities		
Deferred grant income	**136**	123
Other deferred income	**288**	39
	424	162

The deferred grant income is in respect of government grants relating to the development of the site in Wales. The conditions for this grant were all fully met in January 2019. The assets for which the grant related to are being depreciated in line with the release of the deferred income.

17 Provisions

	Property	Other	**Total**
	$000	$000	**$000**
Balance at 1 April 2020 (restated)[(a)]	6,612	1,595	**8,207**
Provisions made in the year	289	313	**602**
Provisions released during the year	(27)	(129)	**(156)**
Unwinding of fair value discounts	79	—	**79**
Provisions utilised during the year	(111)	(1,423)	**(1,534)**
Effect of movements in foreign exchange	151	10	**161**
Balance at 31 March 2021	**6,993**	**366**	**7,359**

		Restated[(a)]
	2021	2020
	$000	$000
Non-current	**5,742**	5,161
Current	**1,617**	3,046
	7,359	8,207

a) For more detail please refer to note 1

The property provision represents the estimated reinstatement cost of 13 (2020:13) of the Group's leasehold properties under fully repairing leases. A professional valuation was performed during 2016 for one of the leasehold properties and the provision was reassessed and is stated after discounting. Of the non-current balance, $1.4 million (2020: $1.3 million) relates to a lease expiring in 2036; the remainder relates to provisions unwinding between one and five years.

Other provisions are short term and represent management's best estimate in respect of minor amounts arising in the normal course of business.

The timing of the utilisation of provisions assumes the business continues to operate based on the most up-to-date business plan.

18 Other financial liabilities

	2021	2020
	$000	$000
Included within non-current liabilities		
Other creditors and accruals	**15,526**	6,784
Included within current liabilities		
Other creditors and accruals	**43,976**	47,984
Interest rate swaps and forward foreign currency contracts carried at fair value through the income statement	**—**	—
Interest rate swaps and forward foreign exchange contracts carried at fair value through the hedging reserve	**293**	9
	44,269	47,993

19 Trade and other payables

		Restated[(a)]
	2021	2020
	$000	$000
Trade payables	**107,588**	111,311
Other payables including social security	**12,875**	8,792
VAT payable	**300**	553
	120,763	120,656

a) For more detail please refer to note 1

20 Share capital

Authorised share capital at 31 March 2021 and 2020 was £6.0 million, 121.0 million ordinary shares of 5p each.

	Ordinary shares	
In thousands of shares	**2021**	2020
In issue at 1 April	**96,367**	78,366
Options exercised during the year	**491**	711
Share placing	**—**	17,290
In issue at 31 March – fully paid	**96,858**	96,367

	2021	2020
	$000	$000
Allotted, called up and fully paid		
Ordinary shares of £0.05 each	**6,667**	5,974

Of the 96.9 million shares in the Company, 31,000 (2020: 31,000) are held by the International Greetings Employee Benefit Trust.

LTIP options exercised during the year resulted in 491,000 ordinary shares issued at nil cost (2020: 711,000 ordinary shares issued at nil cost).

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

21 Earnings per share

		2021	2020
	Note	**$000**	$000
Earnings			
Earnings attributable to equity holders of the Company		**8,207**	16,461
Adjustments			
Adjusting items (net of non-controlling interest effect)		**22,358**	35,964
Tax relief on adjustments (net of non-controlling interest effect)		**(5,184)**	(7,946)
Adjusting item – tax credit	7	**—**	(17,336)
Adjusted earnings attributable to equity holders of the Company		**25,381**	27,143

In thousands of shares	**2021**	2020
Weighted average number of shares		
Basic weighted average number of shares outstanding	**97,700**	82,605
Dilutive effect of employee share option plans	**440**	476
Diluted weighted average ordinary shares	**98,140**	83,081

	2021	2020
	Cents	Cents
Earnings per share		
Basic earnings per share	**8.4**	19.9
Adjustment	**17.6**	12.9
Basic adjusted earnings per share	**26.0**	32.8
Diluted earnings per share	**8.4**	19.8
Diluted adjusted earnings per share	**25.9**	32.7

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

In thousands of shares	**2021**	2020
Issued ordinary shares at 1 April	**96,367**	78,366
Shares relating to share options	**1,333**	1,594
Shares issued in respect of share placing	**—**	2,645
Weighted average number of shares at 31 March	**97,700**	82,605

Diluted earnings per share

The diluted earnings per share is calculated taking into account LTIP awards whose specified conditions were satisfied at the end of the year of 440,000 (2020: 476,000) share options (including those under the Executive share options scheme) along with 31,000 shares held by the Employee Benefit Trust (2020: 31,000). At 31 March 2021 the diluted number of shares was 98.1 million (2020: 83.1 million).

22 Dividends paid and proposed

A final dividend for year ending 31 March 2020 was paid on 9 November 2020. An interim dividend was paid on 15 January 2021 .The Directors are recommending a final dividend of 5.75p (7.92 cents) in respect of the year ended 31 March 2021. If approved it will be paid in October 2021 to shareholders on the register at the close of business on 9 October 2021.

		2021			2020	
	Pence per share	**Cents per share**	**$000**	Pence per share	Cents per share	$000
Final equity dividend for prior year	5.75	7.13	7,329	6.00	7.44	5,868
Interim equity dividend for current year	3.00	4.09	3,959	3.00	3.93	3,107
Dividends paid in the year			11,288			8,975

		2021			2020	
Proposed for approval at Annual General Meeting	**Pence per share**	**Cents per share**	**$000**	Pence per share	Cents per share	$000
Final equity dividend for the current year	**5.75**	**7.92**	**7,667**	5.75	7.13	7,329

23 Employee benefits

Post employment benefits

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

The last triennial valuation performed was in December 2017. A further actuarial valuation was updated on an approximate basis at 31 March 2021, by a qualified actuary, independent of the scheme's sponsoring employer.

The major assumptions used by the actuary are shown below.

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

	2021	2020
	$000	$000
Fair value plan of assets	**3,615**	3,028
Present value of defined benefit obligation	**(2,528)**	(2,430)
Surplus in plan	**1,087**	598
Net defined benefit asset to be recognised	**676**	598

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	$000	$000
Defined benefit obligation as at 1 April	**(2,430)**	—
Liabilities acquired in a business combination	**—**	(2,509)
Interest expense	**(47)**	—
Actuarial gains due to changes in demographic assumptions	**9**	—
Actuarial gains due to changes in financial assumptions	**201**	—
Effect of movement in foreign exchange	**(261)**	79
Defined benefit obligation as at 31 March	**(2,528)**	(2,430)

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

	2021	2020
	$000	$000
Fair value of plan assets as at 1 April	**3,028**	—
Assets acquired in a business combination	**—**	3,126
Interest income	**59**	—
Return on plan assets	**121**	—
Contributions by the company	**71**	—
Benefits paid and expenses	**(9)**	—
Effect of movement in foreign exchange	**345**	(98)
Fair value of plan assets as at 31 March	**3,615**	3,028

A total of $3,000 has been charged to Group operating profit during the year, including $9,000 of expense netting against net interest income of $12,000.

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

	2021	2020
Increase in salaries	**—**	—
Increase in pensions	**—**	—
at RPI capped at 5%	**3.70%**	3.50%
at CPI capped at 5%	**2.40%**	1.95%
at CPI capped at 2.5%	**2.40%**	1.95%
Discount rate	**2.20%**	1.70%
Inflation rate – RPI	**3.30%**	2.80%
Inflation rate – CPI	**2.40%**	1.95%

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

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

	2021	2020
Male retiring today at age 60	**26.4**	26.4
Female retiring today at age 60	**28.5**	28.5
Male retiring in 20 years at age 60	**27.9**	28.0
Female retiring in 20 years at age 60	**30.1**	30.1

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

	2021	2020
	$000	$000
UK pension scheme	**62**	—
US health scheme	**(30)**	—
	32	—

Long Term Incentive Plans

The Group operate two Long Term Incentive Plans ('Plans'), the 2014 Long Term Incentive Plan ('LTIP') and the Value Creation Scheme ('VCS') launched in February 2021.

Under the LTIP, options to subscribe for ordinary shares of a nominal value of 5p each ('ordinary shares') may be awarded annually to Executive Board Directors of the Company, Managing Directors and other selected senior management team members within the Group. Ordinary shares only vest to the degree that stretching performance conditions are met.

The performance period for each award under the LTIP is three years. The cost to employees of ordinary shares issued under the LTIP if the performance criteria are met is nil. In principle the number of ordinary shares to be granted to each employee under the LTIP will not be more than 325% in value of the relevant employee's salary base. The maximum opportunity available under the LTIP is up to 175% for the CEO and for other Executive Directors up to 150% of base salary.

Under the VCS, the scheme awards will allow participants to share, in total, up to 12.5% of the value created ('VCS Pool') provided that the performance criteria are met. No individual award can be greater than £12.5 million. The maximum opportunity available under the VCS is up to 17.5% of the VCS Pool for the CEO and for the other Executive Directors up to 12.5% and 7.5%. Shares will be released to the participants either following the calculation of the VCS Pool or, in the case of the awards for the CEO, the other

Executive Directors and three other senior executive, following the end of a further two year holding period. Awards may be structured as nil-cost options which can be exercised from release until the tenth anniversary of grant of the awards, or as conditional awards which deliver shares for nil-cost automatically at release.

For both plans together, the maximum dilution is 15% over a ten year period. For the VCS specifically, within the 15% limit, there is a dilution limit of 7.5%.

The plan rules, which have been agreed by the Remuneration Committee, include reasonable provisions in the event of change of control, suitable flexibility to modify performance targets in specified situations and also a mechanism for claw-back under certain circumstances. The Board retains the flexibility to buy ordinary shares through an Employee Benefit Trust to mitigate future dilution should it need to do so. Participants in the VCS will not be granted any other long-term incentive awards during the remaining performance period following the grant of the scheme in February 2021 although the annual bonus and the existing in-flight long term incentives will continue to operate.

Vested LTIP schemes – outstanding options

	Number of ordinary shares	Exercise price pence	Exercise dates
2014-2017 LTIP scheme	36,401	nil	June 2017 - August 2024
2015-2018 LTIP scheme	331,595	nil	June 2018 - January 2028
2016-2019 LTIP scheme	295,212	nil	June 2019 - January 2028
2017-2020 LTIP scheme	210,091	nil	July 2020 - August 2027
2018-2021 LTIP scheme[(b)]	418,429	nil	June 2021 - November 2028
	1,291,728		

All performance criteria have been met for the above schemes.

	2021		2020	
	Weighted average exercise price pence	**Number of options**	Weighted average exercise price pence	Number of options
Outstanding at 1 April	**nil**	**1,359,488**	nil	1,575,385
Prior year adjustment[(a)]	**nil**	**4,650**	nil	18,337
Options vesting during the year[(b)]	**nil**	**418,429**	nil	476,449
Exercised during the year	**nil**	**(490,839)**	nil	(710,683)
Outstanding at 31 March	**nil**	**1,291,728**	nil	1,359,488
Exercisable at 31 March	**nil**	**1,291,728**	nil	1,359,488

a) Relates to share options not included in the prior year balance.

75% of the initial award plus dividend shares will formally vest on 1 June 2021 following the Remuneration and Audit Committees' approval of the results of the year ended 31 March 2021.

Scheme details for plans in vesting periods during the year

During the financial year to 31 March 2021 there were three LTIP schemes still within their vesting periods (2020: three), as well as the VCS (2020: nil).

Awards

	2018-2021 LTIP		2019-2022 LTIP	2020-2022 LTIP	
	Grant A	Grant B	Grant A	Grant A	Grant B
Fair value per share (£)	5.55	5.56	6.02	4.66	6.03
Number of participants	15	5	28	1	1
Initial award	151,859	633,372	758,782	50,000	100,000
Dividend shares	3,267	11,832	18,033	917	548
Lapses and forfeitures	(65,215)	(316,686)	(212,788)	—	—
Potential to vest as at 31 March 2021	**89,911**	**328,518**	**564,027**	**50,917**	**100,548**
Potential to vest as at 31 March 2020	134,154	636,080	—	—	—

The grant date fair value of the LTIP options granted in the year assuming they are to vest in full is $1.2 million (2020: $5.7 million). The exercise price is nil.

The grant date fair value of the VCS scheme of £3.54 was determined using the following factors in the binomial pricing model:

Asset price	£4.50
Exercise price	nil
Expected volatility	31.5%
Option life	2.43
Risk free rate	0.14%
Dividend yield	2%

The expected volatility is based on the Group's historical three year volatility. The number of participants in the VCS scheme currently is 87.

LTIP performance targets

Awards are granted with threshold and stretch targets. 25% of the weighted awards vests if the relevant threshold target is achieved, with straight-line vesting of the balance up to 100% of the weighted award if the stretch target is achieved.

	Weighting	Threshold	Stretch
2019-2022 scheme			
EPS[a]	100%	CAGR[b] 10%	CAGR[b] 17.0%

a) EPS before Board approved Adjusting items.

b) Compound annual growth rate.

In light of Covid-19, the Remuneration Committee revisited the performance targets associated with the 2018-2021 scheme and a revision was made in recognition of the impact of Covid-19 on the original metrics (being CAGR of EPS). The revised metrics set a target Adjusted profit before tax and average leverage. If this target was met, 50% of the award would vest. If the metric was exceeded, the award would vest on a straight line basis up to a maximum award of 75%. The Committee also concluded during the year that the super stretch element of the 2018-2021 scheme had fully lapsed. The Remuneration Committee have final discretion over the vesting of any of the schemes.

Further detailed discussion took place around the criteria for the 2019-2022 scheme and following the same principles as the 2018-2021 scheme, it was decided to revisit the performance criteria. It was also decided to remove the Executive Directors' super stretch target. Revisions to metrics had not been decided upon by 31 March 2021, however they have subsequently been amended to an Adjusted profit before tax metric relating to the financial year 2022.

The 2020-2022 scheme (granted to two individuals only) has a service condition only (1 April 2020 to 30 June 2022).

VCS performance targets

The VCS is based on an achievement of a minimum 7.5% CAGR on the opening valuation of the Company over a three year performance period from 1 April 2020 to 31 March 2023. In addition, a performance underpin is included such that, ordinarily, no VCS awards will vest unless the Adjusted profit before tax for the 12 months to 31 March 2023 meets a set target.

The closing market capitalisation will be based on the volume weighted average share price over the period of 30 days following announcement of the audited results for the 12 months ending on 31 March 2023. Appropriate adjustments shall be made in respect of any capital raised from or returned to shareholders during the measurement period.

Following the calculation of the VCS Pool, each participant's allocation will be converted into a number of ordinary shares in the Company by reference to the share price used to determine the size of the VCS Pool.

Share-based payments charges

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

	2021 **$000**	2020 $000
Charge in relation to the 2017-2020 LTIP scheme	**—**	477
Charge/(credit) in relation to the 2018-2021 LTIP scheme	**2,951**	(764)
Charge in relation to the 2019-2022 LTIP scheme	**—**	—
Charge in relation to the 2020-2022 LTIP scheme	**229**	—
Charge in relation to the VCS scheme	**488**	—
Equity-settled share-based payments charge/(credit)	**3,668**	(287)
Social security charge	**524**	35
Total equity-settled share-based payments charge/(credit)	**4,192**	(252)

Deferred tax assets are recognised on share-based payment schemes (see note 11).

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

The total social security accrual outstanding at the year end in respect of share-based payment transactions was $1.3 million (2020: $1.0 million).

24 Financial instruments

Derivative financial assets

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

As at 31 March 2021, the Group had derivative contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of an asset of $207,000 (2020: $412,000) and a liability of $293,000 (2020: $9,000).

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

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

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

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

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

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

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

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was $254.5 million (2020: $186.2 million) being the total of the carrying amount of financial assets, excluding equity investments above.

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

	2021	2020
	$000	$000
Americas	**94,484**	75,183
International	**21,374**	21,185
	115,858	96,368

Credit quality of financial assets and impairment losses
There was no change to the level of provision for doubtful debts upon the adoption of IFRS 9.

The ageing of trade receivables at the balance sheet date was:

	2021			2020		
	Expected loss rate	**Gross**	**Provisions for doubtful debts**	Expected loss rate	Gross	Provisions for doubtful debts
	%	**$000**	**$000**	%	$000	$000
Not past due	**0.1**	**76,709**	**(105)**	8.0	77,757	(6,234)
Past due 0-60 days	**7.4**	**26,057**	**(1,930)**	11.1	22,305	(2,478)
61-90 days	**15.7**	**6,657**	**(1,045)**	33.6	2,449	(823)
More than 90 days	**42.0**	**16,413**	**(6,898)**	64.4	9,532	(6,140)
	7.9	**125,836**	**(9,978)**	14.0	112,043	(15,675)

There were no unimpaired balances outstanding at 31 March 2021 (2020: $nil) where the Group had renegotiated the terms of the trade receivable. The movement year-on-year relates to assets impaired as at 31 March 2020 due to Covid-19 that have been utilised or released as no longer required during the year to 31 March 2021.

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

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

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

	2021	2020
	$000	$000
Balance at 1 April	**15,675**	7,891
Charge for the year	**2,295**	8,261
Unused amounts reversed	**(4,103)**	(1,313)
Acquisition of businesses	**—**	2,231
Amounts utilised	**(4,000)**	(1,210)
Effects of movement in foreign exchange	**111**	(185)
Balance at 31 March	**9,978**	15,675

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

c) Liquidity risk
Financial risk management
Liquidity risk is the risk that the Group, although solvent, will encounter difficulties in meeting obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's policy with regard to liquidity ensures adequate access to funds by maintaining an appropriate mix of short term and longer term facilities, which are reviewed on a regular basis. The maturity profile and details of debt outstanding at 31 March 2021 are set out in note 15.

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

31 March 2021	Note	**Carrying amount $000**	**Contractual cash flows $000**	**One year or less $000**	**One to two years $000**	**Two to five years $000**	**More than five years $000**
Non-derivative financial liabilities							
Other financial liabilities[(a)]	18	59,502	(59,502)	(43,976)	(15,279)	(122)	(125)
Lease liabilities[(a)]	10	113,922	(129,399)	(22,729)	(20,125)	(44,212)	(42,333)
Trade payables[(a)]	19	107,588	(107,588)	(107,588)	—	—	—
Other payables[(a)]	19	13,175	(13,175)	(13,175)	—	—	—
Derivative financial liabilities							
Forward foreign exchange contracts carried at fair value through the hedging reserve[(a)]		293	(2,100)	(2,100)	—	—	—
		294,480	**(311,764)**	**(189,568)**	**(35,404)**	**(44,334)**	**(42,458)**

a) Measured at Level 2.

31 March 2020	Note	Carrying amount $000	Contractual cash flows $000	One year or less $000	One to two years $000	Two to five years $000	More than five years $000
Non-derivative financial liabilities							
Secured bank loans – Australian dollar[(a)]	15	987	(1,018)	(571)	(447)	—	—
Other financial liabilities[(b)]	18	54,768	(54,768)	(47,984)	(6,753)	(28)	(3)
Lease liabilities[(b)]	10	95,413	(109,542)	(20,145)	(18,294)	(40,050)	(31,053)
Trade payables[(b)] (restated)[(c)]	19	111,311	(111,311)	(111,311)	—	—	—
Other payables[(b)]	19	9,345	(9,345)	(9,345)	—	—	—
Derivative financial liabilities							
Forward foreign exchange contracts carried at fair value through the hedging reserve[(b)]		9	(4,500)	(4,500)	—	—	—
		271,833	(290,484)	(193,856)	(25,494)	(40,078)	(31,056)

a) Nominal interest rate 4.49%.

b) Measured at Level 2.

c) For more detail please refer to note 1

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

	31 March 2021				31 March 2020			
	Carrying amount $000	**Facility used contractual cash flows $000**	**Facility unused $000**	**Total facility $000**	Carrying amount $000	Facility used contractual cash flows $000	Facility unused $000	Total facility $000
Secured bank loans	—	—	—	—	987	(1,018)	—	(1,018)
Corporate revolving credit facilities	—	—	(97,136)	(97,136)	—	—	(97,025)	(97,025)
Bank overdraft	—	—	(5,002)	(5,002)	—	—	(4,441)	(4,441)
	—	**—**	**(102,138)**	**(102,138)**	987	(1,018)	(101,466)	(102,484)

The receivables financing facilities are dependent upon the levels of the relevant receivables.

The major bank facilities vary in the year depending on forecast debt requirements. The maximum limit across all facilities was $292.0 million (2020: $281.4 million).

At 31 March 2021 the facility amounted to $97.1 million (2020: $97.0 million).

Additional facilities were available at other banks of $5.0 million (2020: $4.4 million).

On 28 May 2021 the Group banking facilities were extended to run to June 2023, see note 15 for more information.

d) Cash flow hedges

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

Forward exchange contracts carrying amount	**2021** **$000**	2020 $000
Derivative financial assets	**207**	412
Derivative financial liabilities	**(293)**	(9)

The Group has forward currency hedging contracts outstanding at 31 March 2021 designated as hedges of expected future purchases in US dollars and Chinese renminbi and sales in euros for which the Group has firm commitments, as the derivatives are based on forecasts and an economic relationship exists at the time the derivative contracts are taken out.

The terms of the forward currency hedging contracts have been negotiated to match the terms of the commitments. All contracts outstanding at the year end crystallise within twelve months of the balance sheet date at average prices of 1.23 for US dollar contracts (2020: 1.11), 6.56 for Chinese renminbi contracts (2020: 7.09) and not applicable for euro contracts (2020: 1.14). At the year end the Group held $13.2 million (2020: $9.6 million), RMB 42.0 million (2020: RMB 31.9 million) and €nil million (2020: €0.9 million) in hedge relationships.

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

The cash flow hedges of the expected future purchases in 2021 were assessed to be highly effective and as at 31 March 2021 a net unrealised loss of $1.3 million (2020: $657,000 gain) with related deferred tax credit of $nil (2020: $nil) was included in other comprehensive income in respect of these hedging contracts. Amounts relating to ineffectiveness recorded in the income statement in the year was $nil (2020: $nil).

e) Market risk

Financial risk management

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

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

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

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

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

31 March 2021	Note	**US dollar $000**	**Sterling $000**	**Euro $000**	**Other $000**	**Total $000**
Long term assets	13	5,721	—	—	—	**5,721**
Cash and cash equivalents	14	101,602	10,227	4,556	16,375	**132,760**
Trade receivables	13	95,336	9,947	6,233	4,342	**115,858**
Derivative financial assets		—	206	—	1	**207**
Bank overdrafts	14	(41,582)	(11,594)	(3,857)	—	**(57,033)**
Loan arrangement fees	15	—	723	—	—	**723**
Trade payables	19	(83,908)	(11,769)	(7,898)	(4,013)	**(107,588)**
Other payables	19	(11,650)	(703)	(611)	(211)	**(13,175)**
Balance sheet exposure		**65,519**	**(2,963)**	**(1,577)**	**16,494**	**77,473**

31 March 2020	Note	US dollar $000	Sterling $000	Euro $000	Other $000	Total $000
Long term assets	13	6,223	—	—	—	6,223
Cash and cash equivalents	14	62,293	9,905	3,325	7,677	83,200
Trade receivables	13	76,895	9,700	6,312	3,461	96,368
Derivative financial assets		—	246	—	166	412
Secured bank loans	15	—	—	—	(987)	(987)
Bank overdrafts	14	(18,053)	—	(12,906)	(44)	(31,003)
Loan arrangement fees	15	—	1,209	—	—	1,209
Trade payables (restated)[(a)]	19	(89,687)	(10,984)	(7,856)	(2,784)	(111,311)
Other payables	19	(7,429)	(936)	(784)	(196)	(9,345)
Balance sheet exposure		30,242	9,140	(11,909)	7,293	34,766

a) For more detail please refer to note 1

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

	Average rate		31 March spot rate	
	2021	2020	**2021**	2020
Euro	**0.85**	0.90	**0.85**	0.90
Pound sterling	**0.76**	0.79	**0.73**	0.81

Sensitivity analysis

A 10% weakening of the following currencies against US dollar at 31 March 2021 would have affected equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis was performed on the same basis for 31 March 2020.

	Equity		(Loss)/profit	
	2021	2020	**2021**	2021
	$000	$000	**$000**	$000
Euro	**(143)**	(1,083)	**(14)**	28
Pound sterling	**(269)**	831	**—**	94

On the basis of the same assumptions, a 10% strengthening of the above currencies against US dollar at 31 March 2021 would have affected equity and profit or loss by the following amounts:

	Equity		Profit/(loss)	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Euro	**175**	1,323	**17**	(34)
Pound sterling	**329**	(1,016)	**—**	(115)

Profile

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

Variable rate instruments	Note	**2021** **$000**	2020 $000
Financial assets		**132,760**	83,200
Financial liabilities		**(57,033)**	(31,990)
Net cash	14	**75,727**	51,210

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

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect on financial instruments with variable interest rates and financial instruments at fair value through profit or loss. The analysis is performed on the same basis for 31 March 2020.

Sensitivity analysis

	2021 $000	2020 $000
Equity		
Increase	**379**	256
Decrease	**—**	—
Profit or loss		
Increase	**379**	256
Decrease	**—**	—

f) Capital management

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

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

		Equity	
		2021	2020
	Note	**$000**	$000
Net equity attributable to owners of the Parent Company		**383,522**	371,200
Net cash	14	**(76,450)**	(52,419)
Trading capital		**307,072**	318,781

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

25 Capital commitments

At 31 March 2021, the Group had outstanding authorised capital commitments to purchase plant and equipment for $2.7 million (2020: $2.4 million).

26 Related parties

	2021 $000	2020 $000
Sale of goods:		
Hedlunds Pappers Industri AB	**278**	266
Festive Productions Ltd	**14**	9
Hedlund Import AB	**—**	2,825
SA Greetings (Pty) Ltd	**45**	215
	337	3,315
Purchase of goods:		
Mattr Media Ltd	**—**	90
	—	90
Receivables:		
Hedlunds Pappers Industri AB	**7**	—
	7	—
Payables:		
Mattr Media Ltd	**—**	31
	—	31

Identity of related parties and trading

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

John Charlton is Chairman of SA Greetings (Pty) Ltd (South African Greetings).

During the prior year the Company paid for marketing services to Mattr Media Ltd, a company controlled by Joshua Fineman, who is the son of the Group CEO.

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

Other related party transactions

Directors of the Company and their immediate relatives have an interest in 24% (2020: 27%) of the voting shares of the Company. The shareholdings of Directors and changes during the year are shown in the Directors' report in the Group's Annual Report.

Directors' remuneration

	2021	2020
	$000	$000
Short term employee benefits	**1,874**	1,793
Post-employment benefits	**—**	10
Share-based payments charge/(credit)	**2,266**	(22)
	4,140	1,781

See the Directors' remuneration report in the Group's Annual Report for more detail.

27 Subsidiary with significant non-controlling interest

The Company has two subsidiary companies which have a material non-controlling interest: IG Design Group Australia Pty Ltd ('Australia') and Anker Play Products LLC ('APP'). Summary financial information in relation to Australia and APP is shown below.

	2021			2020		
Non-controlling interest –	**Australia**	**APP**	**Total**	Australia	APP	Total
balance sheet as at 31 March	**$000**	**$000**	**$000**	$000	$000	$000
Non-current assets	**11,146**	**177**	**11,323**	10,591	238	10,829
Current assets	**19,525**	**8,328**	**27,853**	11,492	3,117	14,609
Current liabilities	**(8,757)**	**(6,462)**	**(15,219)**	(6,197)	(3,414)	(9,611)
Non-current liabilities	**(6,066)**	**—**	**(6,066)**	(6,603)	(76)	(6,679)

	2021			2020		
Non-controlling interest – comprehensive	**Australia**	**APP**	**Total**	Australia	APP	Total
income for the year ended 31 March	**$000**	**$000**	**$000**	$000	$000	$000
Revenue	**43,995**	**21,084**	**65,079**	41,071	18,937	60,008
Profit/(loss) after tax	**4,399**	**1,307**	**5,706**	1,885	(953)	932
Total comprehensive income/(expense)	**6,564**	**1,307**	**7,871**	2,027	(953)	1,074

	2021			2020		
Non-controlling interest –	**Australia**	**APP**	**Total**	Australia	APP	Total
cash flow for the year ended 31 March	**$000**	**$000**	**$000**	$000	$000	$000
Net increase in cash and cash equivalents	**4,990**	**1,184**	**6,174**	403	10	413

	2021			2020		
	Australia	**APP**	**Total**	Australia	APP	Total
Non-controlling interest	**$000**	**$000**	**$000**	$000	$000	$000
Balance as at 1 April	**4,643**	**—**	**4,643**	4,863	403	5,266
Share of profits for the year	**2,200**	**34**	**2,234**	942	—	942
Other comprehensive (expense)/income	**(94)**	**—**	**(94)**	71	—	71
Recognition/(derecognition) of non-controlling interest	**—**	**539**	**539**	—	(403)	(403)
IFRS 16 retained earnings adjustment	**—**	**—**	**—**	(572)	—	(572)
Currency translation	**1,175**	**—**	**1,175**	(661)	—	(661)
Balance as at 31 March	**7,924**	**573**	**8,497**	4,643	—	4,643

28 Acquisitions and disposals of subsidiaries

Acquisitions in the prior year

On 3 March 2020, the Group acquired 100% of the equity of CSS Industries, Inc. ('CSS').

Effect of acquisition of CSS – adjustment to provisional accounting

	Provisional fair values recognised on acquisition $000	Adjustments within the measurement period $000	Final fair values recognised on acquisition $000
Property, plant and equipment	40,570	(878)	**39,692**
Right-of-use assets	40,650	—	**40,650**
Intangible assets	5,960	—	**5,960**
Inventories	56,630	27,503	**84,133**
Trade and other receivables	65,296	—	**65,296**
Expected credit loss	(2,231)	—	**(2,231)**
Cash and cash equivalents	10,538	—	**10,538**
Trade and other payables	(75,186)	1,306	**(73,880)**
Provisions	(5,167)	(329)	**(5,496)**
Income taxes	(3,828)	—	**(3,828)**
Deferred tax	8,797	(3,312)	**5,485**
Lease liabilities	(47,344)	—	**(47,344)**
Net identifiable assets and liabilities	**94,685**	**24,290**	**118,975**
Consideration paid in cash	122,789	—	**122,789**
Total consideration	122,789	—	**122,789**
Goodwill	**28,104**	**(24,290)**	**3,814**

Fair values adjustments were made to property, plant and equipment, inventories, provisions and deferred tax assets acquired. The provisional accounting was undertaken for the year ended 31 March 2020 and given the proximity of the acquisition on 3 March to the reporting date, the accounting was therefore by its very nature provisional and based on limited knowledge of the business at the time. In addition, Covid-19 was prevalent and created significant uncertainty. As such, this uncertainty was built into the provisional accounting and a very cautious view was taken, in particular around inventory.

The adjustments made during the measurement period to inventory reflect an alignment of accounting policies between the two businesses, along with an adjustment to cautious inventory provisions based on sell-through of provided products during the measurement period. The other adjustments included a revisit of the fair values of plant and machinery and the release of contingent liabilities in relation to potential environmental claims. Deferred tax was adjusted as a result of the overall adjustment to provisional opening balances.

Disposals in the previous year

On 24 February 2020, the Group divested of its operations in Shaoxing.

In the year to 31 March 2021 additional costs associated with the disposal were incurred of $208,000.

The disposal proceeds, net liabilities disposed of and gains arising from the movement in foreign currency exchange from the divestment of the Shaoxing business were as follows:

	$000
Property, plant and equipment	133
Right-of-use assets	572
Inventories	788
Trade and other receivables	696
Corporation tax	(3,187)
Trade and other payables	(548)
Provisions	(198)
Lease liabilities	(623)
	(2,367)
Gain on disposal calculated as:	
Disposal proceeds	122
Net liabilities disposed	2,367
	2,489
Transaction costs	(246)
Tax on sale of business (including Chinese withholding tax)	(365)
Reclassification of gains from movement in foreign currency exchange	(42)
	1,836
Disposal proceeds	
Satisfied by:	
Cash consideration	122
Deferred consideration	(122)
Net cash inflow from disposals of businesses	—

29 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 these financial statements on 14 June 2021.

30 Presentation currency

The Company has changed the presentation currency of the Group from pound sterling to US dollars effective 1 April 2020. Following the acquisition of CSS, a significant majority of the Group earnings is now denominated in US dollars. Management believes that the presentation currency change will give investors and other stakeholders a clearer understanding of the Design Group's financial performance over time. In addition, the change will reduce the volatility of the Group's earnings due to foreign exchange movements, in relation to the translation of foreign currency balances.

Detailed below are the key primary statements with both pound sterling and US dollar comparatives for the year ended 31 March 2020 and as at 31 March 2020.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 Mar 2020 $000	Year ended 31 Mar 2020 £000
Revenue	624,340	494,234
Cost of sales	(530,109)	(419,131)
Gross profit	94,231	75,103
Selling expenses	(33,766)	(26,523)
Administration expenses	(58,868)	(46,409)
Other operating income	927	735
Profit on disposal of property, plant and equipment	246	188
Profit on disposal of subsidiary	1,836	1,486
Operating profit	4,606	4,580
Finance expenses	(5,479)	(4,317)
(Loss)/profit before tax	**(873)**	**263**
Income tax credit	18,276	14,547
Profit for the period	17,403	14,810
Attributable to:		
Owners of the Parent Company	16,461	14,060
Non-controlling interests	942	750

Earnings per ordinary share

	Year ended 31 Mar 2020	Year ended 31 Mar 2020
Basic	19.9c	17.0p
Diluted	19.8c	16.9p

Adjusted Earnings per ordinary share

	Year ended 31 Mar 2020	Year ended 31 Mar 2020
Basic	32.8c	27.0p
Diluted	32.7c	26.9p

EXECUTIVE REVIEW INCOME STATEMENT

	Year ended 31 Mar 2020 $m	Year ended 31 Mar 2020 £m
Revenue	624.3	494.2
Gross profit	114.1	90.9
Overheads	(73.2)	(57.5)
Adjusted operating profit	40.9	33.4
Finance expenses	(5.5)	(4.3)
Adjusted profit before tax	35.4	29.1
Adjusting items	(36.3)	(28.8)
(Loss/)profit before tax	(0.9)	0.3
Income tax credit	18.3	14.5
Profit for the period	17.4	14.8

CONSOLIDATED BALANCE SHEET

	Restated[a] As at 31 Mar 2020 $000	Restated[a] As at 31 Mar 2020 £000
Non-current assets		
Property, plant and equipment	91,744	73,987
Intangible assets	116,214	93,720
Right-of-use assets	82,742	66,728
Long-term assets	6,223	5,019
Deferred tax assets	18,135	14,624
Total non-current assets	315,058	254,078
Current assets		
Inventory	169,414	136,625
Trade and other receivables	110,047	88,748
Income tax receivable	18,377	14,820
Derivative financial assets	412	332
Cash and cash equivalents	83,200	67,098
Total current assets	381,450	307,623
Total assets	696,508	561,701
Equity		
Share capital	5,974	4,818
Share premium	213,755	172,383
Capital redemption reserve	1,662	1,340
Merger reserve	40,175	32,399
Hedging reserve	320	258
Translation reserve	(4,389)	7,383
Retained earnings	113,703	80,794
Equity attributable to owners of the Parent Company	371,200	299,375
Non-controlling interests	4,643	3,744
Total equity	375,843	303,119

Non-current liabilities		
Loans and borrowings	(219)	(177)
Lease liabilities	78,418	63,241
Deferred income	561	452
Provisions	5,161	4,163
Other financial liabilities	6,784	5,471
Deferred tax liabilities	4,626	3,730
Total non-current liabilities	95,331	76,880
Current liabilities		
Bank overdraft	31,003	25,004
Loans and borrowings	(3)	(2)
Lease liabilities	16,995	13,705
Deferred income	162	131
Provisions	3,046	2,456
Income tax payable	5,482	4,399
Trade and other payables	120,656	97,304
Other financial liabilities	47,993	38,705
Total current liabilities	225,334	181,702
Total liabilities	320,665	258,582
Total equity and liabilities	696,508	561,701

a) For more detail please refer to note 1

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 Mar 2020 $000	Year ended 31 Mar 2020 £000
Cash flows from operating activities		
Profit for the year	17,403	14,810
Adjustments for:		
Depreciation and impairment	8,880	6,994
Depreciation of right-of-use assets	8,911	7,014
Amortisation of intangible assets	4,816	3,796
Finance expenses	5,479	4,317
Income tax credit	(18,276)	(14,547)
Profit on disposal of subsidiary	(1,836)	(1,486)
Profit on disposal of property, plant and equipment	(246)	(188)
Loss on disposal of intangible fixed assets	1	1
Equity-settled share-based payments	(252)	(202)
Operating profit after adjustments for non-cash items	24,880	20,509
Change in trade and other receivables	9,841	629
Change in inventory	1,532	705
Change in trade and other payables, provisions and deferred income	1,592	5,913
Cash generated from operations	37,845	27,756
Tax paid	(5,993)	(4,749)
Interest and similar charges paid	(5,090)	(3,996)
Net cash inflow from operating activities	26,762	19,011
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	767	595
Acquisition of businesses (net of cash acquired)	(112,251)	(87,696)
Acquisition of intangible assets	(3,738)	(2,997)
Acquisition of property, plant and equipment	(10,463)	(8,133)
Net cash outflow from investing activities	(125,685)	(98,231)
Cash flows from financing activities		
Proceeds from issue of share capital	152,535	116,924
Repayment of secured borrowings	(1,917)	(1,505)
Net movement in previous credit facilities	48,230	37,976
Repayment of previous credit facilities	(48,230)	(37,976)
Payment of lease liabilities	(8,430)	(6,622)
Loan arrangement fees	(1,571)	(1,234)
Equity dividends paid	(8,975)	(7,104)
Net cash inflow from financing activities	131,642	100,459
Net increase in cash and cash equivalents	32,719	21,239
Cash and cash equivalents at beginning of the period	25,296	19,458
Effect of exchange rate fluctuations on cash held	(5,818)	1,397
Cash and cash equivalents at end of the period	52,197	42,094

ADJUSTED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 Mar 2020 $m	Year ended 31 Mar 2020 £m
Adjusted EBITDA	59.5	48.1
Movements in working capital	(5.3)	(7.5)
Adjusted cash generated from operations	54.2	40.6
Adjusting items	(16.6)	(13.1)
Cash generated from operations	37.6	27.5
Capital expenditure (net of disposals of property, plant and equipment)	(13.7)	(10.7)
Business acquired (including cash on acquisition)	(112.3)	(87.7)
Tax paid	(6.0)	(4.7)
Interest paid	(5.1)	(4.0)
Payments of lease liabilities	(8.4)	(6.6)
Dividends paid (including those paid to non controlling interests)	(9.0)	(7.1)
Proceeds from issue of share capital	152.5	116.9
FX and other	(5.4)	1.6
Movement in net cash	30.2	25.2
Opening net cash	22.2	17.1
Closing net cash	52.4	42.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 Mar 2020 $000	Year ended 31 Mar 2020 £000
Profit for the period	17,403	14,810
Other comprehensive income:		
Exchange difference on translation of foreign operations (net of tax)	3,112	5,450
Recycling translation reserves on disposal of subsidiary	42	34
Transfer to profit and loss on maturing cash flow hedges (net of tax)	(490)	(377)
Net unrealised gain on cash flow hedges (net of tax)	657	517
Other comprehensive income for the period, net of tax items which may be reclassified to profit and loss in subsequent periods	3,321	5,624
Total comprehensive income for the year, net of tax	20,724	20,434
Attributable to:		
Owners of the Parent Company	20,372	19,976
Non-controlling interests	352	458
	20,724	20,434

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020 – US dollar

	Attributable to the owners of the Parent Company								
	Share capital $000	Share premium and capital redemption reserve $000	Merger reserve $000	Hedging reserve $000	Translation reserve $000	Retained earnings $000	Shareholders' equity $000	Non-controlling interests $000	Total $000
At 31 March 2019	5,093	74,962	42,119	153	(8,133)	108,763	222,957	5,266	228,223
Impact of adopting IFRS 16	—	—	—	—	—	(2,427)	(2,427)	(572)	(2,999)
Restated equity at 1 April 2019	5,093	74,962	42,119	153	(8,133)	106,336	220,530	4,694	225,224
Profit for the year	—	—	—	—	—	16,461	16,461	942	17,403
Other comprehensive income/(expense)	—	—	—	167	3,744	—	3,911	(590)	3,321
Total comprehensive income for the year	—	—	—	167	3,744	16,461	20,372	352	20,724
Transactions with owners in their capacity as owners									
Equity-settled share-based payments	—	—	—	—	—	(287)	(287)	—	(287)
Tax on equity-settled share-based payments	—	—	—	—	—	213	213	—	213
Derecognition of non-controlling interests	—	—	—	—	—	—	—	(403)	(403)
Shares issued	1,117	150,145	—	—	—	—	151,262	—	151,262
Options exercised	45	—	—	—	—	(45)	—	—	—
Equity dividends paid	—	—	—	—	—	(8,975)	(8,975)	—	(8,975)
Exchange differences on opening balances	(281)	(9,690)	(1,944)	—	—	—	(11,915)	—	(11,915)
At 31 March 2020	5,974	215,417	40,175	320	(4,389)	113,703	371,200	4,643	375,843

YEAR ENDED 31 MARCH 2020 – Pound Sterling

	Attributable to the owners of the Parent Company								
	Share capital £000	Share premium and capital redemption reserve £000	Merger reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Shareholders' equity £000	Non-controlling interests £000	Total £000
At 31 March 2019	3,918	57,663	32,399	118	1,607	75,801	171,506	4,051	175,557
Impact of adopting IFRS 16	—	—	—	—	—	(1,867)	(1,867)	(440)	(2,307)
Restated equity at 1 April 2019	3,918	57,663	32,399	118	1,607	73,934	169,639	3,611	173,250
Profit for the year	—	—	—	—	—	14,060	14,060	750	14,810
Other comprehensive income/(expense)	—	—	—	140	5,776	—	5,916	(292)	5,624
Total comprehensive income for the year	—	—	—	140	5,776	14,060	19,976	458	20,434
Transactions with owners in their capacity as owners									
Equity-settled share-based payments	—	—	—	—	—	(231)	(231)	—	(231)
Tax on equity-settled share-based payments	—	—	—	—	—	171	171	—	171
Derecognition of non-controlling interests	—	—	—	—	—	—	—	(325)	(325)
Shares issued	864	116,060	—	—	—	—	116,924	—	116,924
Options exercised	36	—	—	—	—	(36)	—	—	—
Equity dividends paid	—	—	—	—	—	(7,104)	(7,104)	—	(7,104)
At 31 March 2020	4,818	173,723	32,399	258	7,383	80,794	299,375	3,744	303,119