FY2023

Full Year Results

Presented by
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20 June 2023

FY2023 DEVELOPMENTS

FY2023 Results
- Return to profitability
- Margin improvement
- FX drag added to Q4 revenue softness in UK and US
- UK goodwill write-down
- No final dividend

Customers, Channels, Product
- Relationships sustained
- Walmart's Gigaton Award
- Tesco Innovation Award
- Pandemic shifts reverted
- Eco-Nature™ progress
- Smartwrap™ launch

Americas Turnaround
- Strong progress and delivery
- Continued focus on reducing complexity, improving efficiency and rebuilding margins
- Re-organising for growth

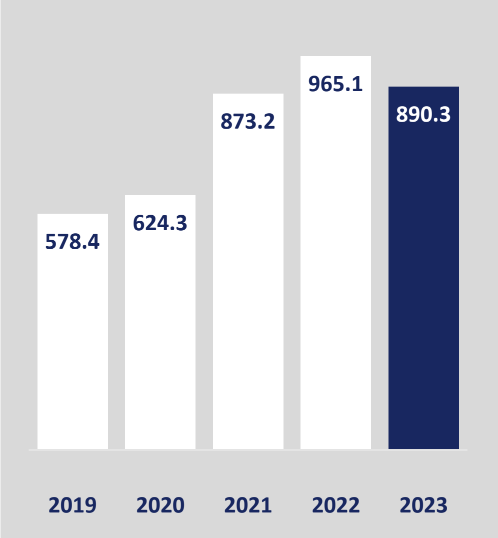
Strategy
- Pivot to focus on turnaround and margin recovery is working
- New strategy: being the partner of choice, winning with our customers

Senior Team Changes
- Paul Bal appointed CEO
- Rohan Cummings joins as CFO next month
- New CEO and CFO for DGA
- New MDs within DGI units
- Managed transitions

FY2024 Outlook
- Secured new bank facilities
- Order book progresses
- "Everyday" still soft in US & UK, and UK pricing difficult
- Expect H1/H2 re-balance, but FY margin improvement

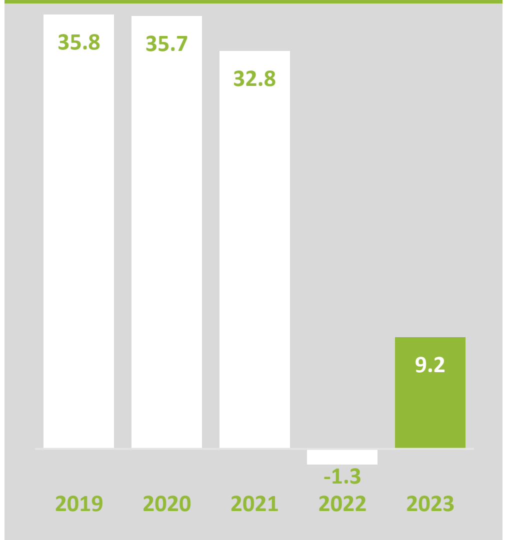
FY2023 FINANCIAL SUMMARY

Revenue ($m)



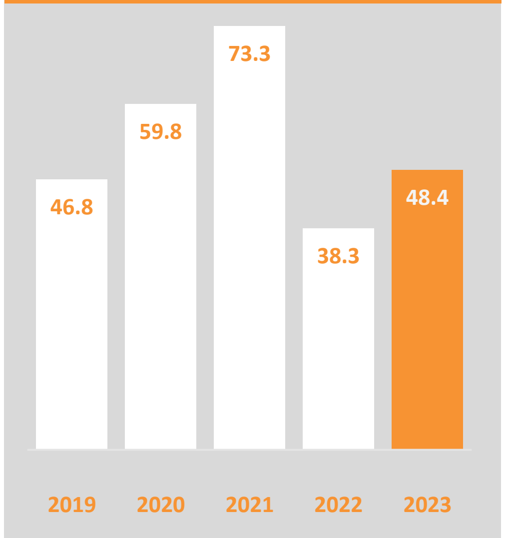
- Revenues down nearly 8% reflecting: adverse FX, lower DGA volume and margin focus
- 4% down at constant currency
- DGI up 10% at constant currency with good momentum in Europe

Adjusted PBT[1] ($m)



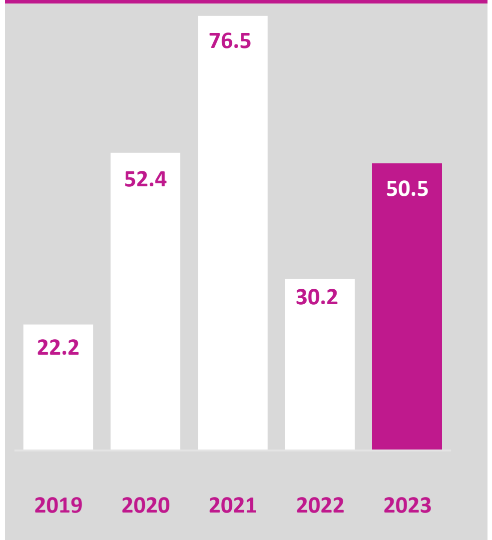
- Return to profitability ahead of expectations
- Cost headwinds impact lessened, and managed
- Overheads managed
- Excludes $28.1m net charge from adjusting items (2022: $3.5m net credit)

Adjusted EBITDA ($m)



- Margin improvement at all levels: gross, operating and EBITDA
- Growth despite less "add back" of asset depreciation
- Excludes $28.1m net charge from adjusting items (2022: $3.5m net credit)

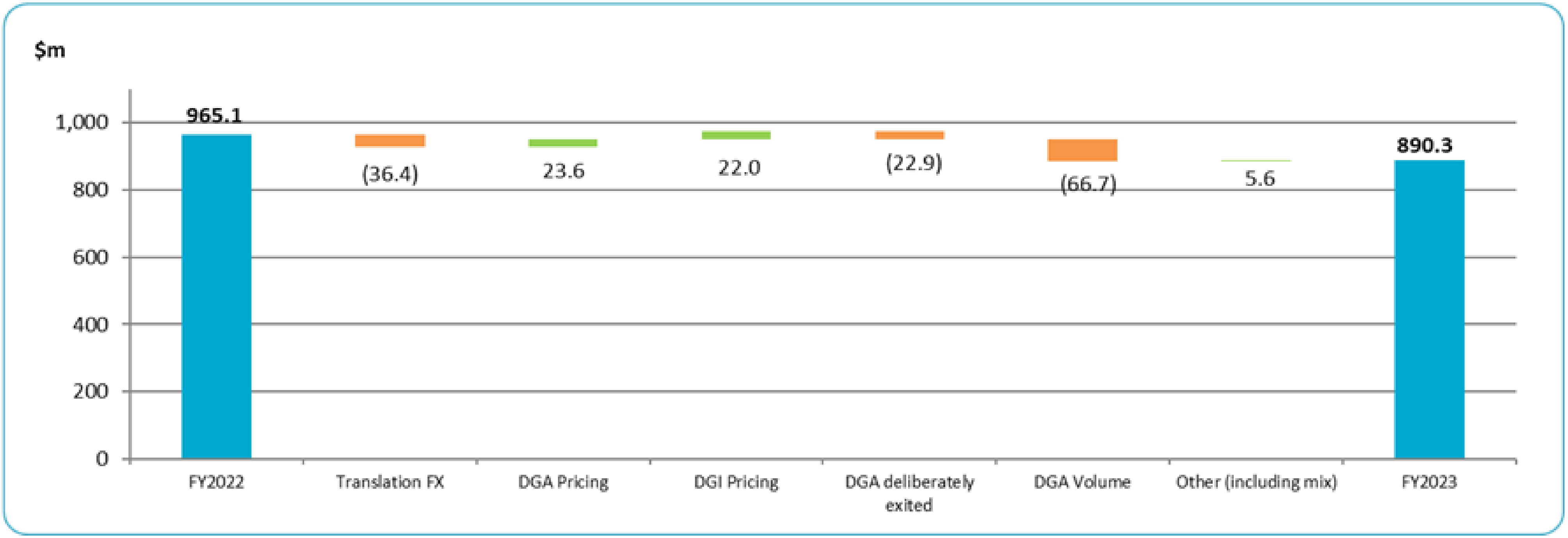
Net cash ($m)



- Improved management and reduction of working capital
- Higher ending cash position reflects stronger cash generation
- Lower average debt and leverage[2] 0.6x (2022: 1.0x)

(1) Adjusted PBT is stated before tax and adjusting items
(2) Average leverage – Average bank debt (being average debt measured before lease liabilities) divided by adjusted EBITDA reduced for lease payments

REVENUE EVOLUTION



- Reported revenue down 8% due to 3 main reasons:
  - Adverse FX loss principally driven by translation of non-dollar revenues
  - Exiting unprofitable contracts in DG Americas
  - Softness in demand in DG Americas: some two-thirds being in Everyday sales (especially Q4), and one-third being in Seasonal
- DG UK Everyday softness in Q4 more than offset by continued strong momentum in Europe
- Some pricing recovery in both divisions to offset certain continuing cost headwinds (labour and energy-driven raw material and product cost inflation)

CATEGORY PERFORMANCE

Revenue by product category	FY2023		FY2022	
Celebrations	60%	$533.7m	63%	$604.1m
Craft & creative play	17%	$150.8m	16%	$154.3m
Stationery	5%	$45.0m	4%	$44.8m
Gifting	11%	$96.9m	10%	$94.4m
'Not-for-resale' consumables	7%	$63.9m	7%	$67.5m
Total		**$890.3m**		**$965.1m**

Revenue by season	FY2023		FY2022	
Christmas	42%	$374.7m	40%	$390.9m
Minor seasons	9%	$76.5m	7%	$65.8m
Everyday	49%	$439.1m	53%	$508.4m
Total		**$890.3m**		**$965.1m**

- Product category mix generally stable, with decline in Celebrations driven by exits from unprofitable DGA contracts
- Craft & creative play stabilised after the post-Covid-19 pandemic return to normalisation
- Welcome growth in Gifting, especially in Europe
- Growth in Minor seasons reflects added focus on these opportunities to balance reliance on Christmas
- Q4 softness in "Everyday" sales, especially in DG UK and DG Americas

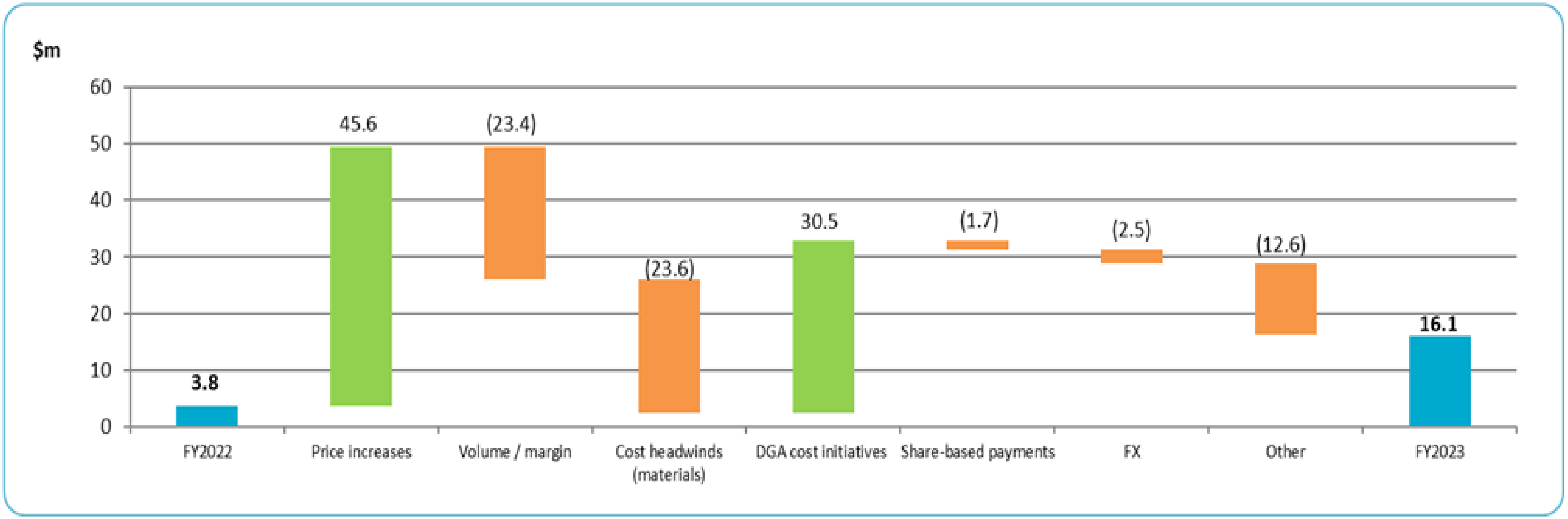
PROFIT & LOSS

	2023 Reported $m	2023 Adjusting Items $m	2023 Adjusted $m	2022 Reported $m	2022 Adjusting Items $m	2022 Adjusted $m
Revenue	**890.3**	**-**	**890.3**	**965.1**	**-**	**965.1**
Gross profit	131.7	1.4	133.1	122.2	(2.5)	119.7
	14.8%		*14.9%*	*12.7%*		*12.4%*
Overheads	(143.7)	26.7	(117.0)	(114.5)	(1.4)	(115.9)
Operating (loss)/profit	(12.0)	28.1	16.1	7.7	(3.9)	3.8
Finance charge	(6.9)	-	(6.9)	(5.5)	0.4	(5.1)
(Loss)/profit before tax	**(18.9)**	**28.1**	**9.2**	**2.2**	**(3.5)**	**(1.3)**
Tax	(7.6)	(0.2)	(7.8)	(2.5)	(0.8)	(3.3)
(Loss)/profit after tax	**(26.5)**	**27.9**	**1.4**	**(0.3)**	**(4.3)**	**(4.6)**
Operating (loss)/profit	**(12.0)**	**28.1**	**16.1**	**7.7**	**(3.9)**	**3.8**
Depreciation, impairment and amortisation	64.9	(32.6)	32.3	34.5	-	34.5
EBITDA	**52.9**	**(4.5)**	**48.4**	**42.2**	**(3.9)**	**38.3**
Diluted loss per share	(28.6c)	28.4c	(0.2c)	(3.3c)	(4.4c)	(7.7c)

Revenue	**2023 $m**	2022 $m	Growth %
DG Americas	**593.0**	659.0	(10%)
DG International	**299.6**	307.9	(3%)
Elims / Central costs	**(2.3)**	(1.8)	-
Total	**890.3**	965.1	(8%)
Adjusted Operating Profit	**2023 $m**	2022 $m	Growth %
DG Americas	**2.9**	(11.7)	125%
DG International	**19.8**	20.8	(5%)
Elims / Central costs	**(6.6)**	(5.3)	-
Total	**16.1**	3.8	321%
Adjusted Operating Margin	**2023**	2022	Growth %
DG Americas	**0.5%**	(1.8%)	2.3%
DG International	**6.6%**	6.8%	(0.2%)
Total	**1.8%**	0.4%	1.4%

- DG Americas down 10%, DG International down 3%, and the Group down 8% in reported revenue, reflecting adverse translational FX from the strong US dollar, as well as lower DG Americas volumes, partly from the planned exit from unprofitable contracts in the US
- Constant currency revenues were down 4%, driven by DG Americas, as DG International was up 10% in constant currency terms
- Good gross profit and margin progress as the continuing cost headwinds were better managed through pricing and efficiency initiatives
- Operating profit significantly improved, with margin up to 1.8%, a 140 basis point rise
- Adjusting items constituted a net charge of $28.1m to reported PBT, mainly comprising: UK non-cash goodwill impairment write-down, insurance recoveries, net gains from selling surplus DG Americas sites, offset by restructuring costs and acquired intangibles amortisation
- Tax charge and effective rate is distorted by the changing geographic mix of profits, as well as not recognising some deferred tax assets

ADJUSTED OPERATING PROFIT EVOLUTION



- Profit recovery ahead of expectation, with "catch-up" pricing, especially in DG Americas, a key driver
- Net cost headwinds were mostly due to energy-price-driven increases in raw materials (e.g. paper) and bought-in product
- Strong progress with DG Americas turnaround initiatives: supply chain re-planning, headcount reduction, manufacturing & distribution efficiencies and procurement savings
- New LTIP scheme introduced in August 2022, after the Value Creation Scheme was disbanded
- Included within other are higher reward costs due to "cost-of-living" adjustments, as well as performance bonuses
- FX loss principally driven by strength of US dollar

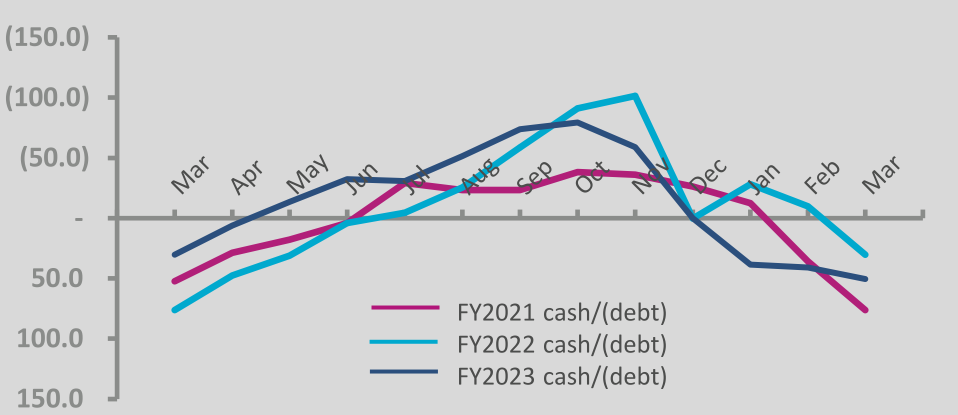
CASH FLOW

	2023 $m	2022 $m
Adjusted EBITDA	**48.4**	**38.3**
Add back for share based payment charge/(credit)	0.8	(0.8)
Movements in working capital	11.2	(31.7)
Adjusted cash generated from operations	**60.4**	**5.8**
Adjusting items within cash generated from operations	(1.4)	(1.9)
Cash generated from operations	**59.0**	**3.9**
Adjusting items within investing and financing activities	8.3	(4.3)
Capital expenditure (net of disposals)	(5.8)	(8.3)
Acquisition of non-controlling interest	(3.0)	-
Tax paid	(7.3)	(5.2)
Interest paid (including adjusting items)	(5.3)	(4.2)
Payments of lease liabilities	(20.4)	(16.8)
Dividends paid (including non-controlling interests)	(3.0)	(12.6)
Purchase of own shares	(0.9)	-
FX and other	(1.3)	1.2
Movement in net cash	**20.3**	**(46.3)**
Opening net cash	30.2	76.5
Closing net cash	**50.5**	**30.2**

Working capital analysis

	2023 $m	2022 $m
Receivables	**37.0**	0.1
Inventory	**17.9**	(56.9)
Creditors	**(43.7)**	25.1
	11.2	(31.7)

Net cash/(debt) by month



- Significant net cash inflow over the year
- Benefit from an improved adjusted EBITDA and significant year-on-year working capital improvements
- Net benefit from adjusting items
- Acquisition of partner’s 49% stake in Anker Play Products in May 2022
- Higher tax payment reflects higher profits generated in tax-paying jurisdictions
- Higher interest paid reflects the higher financing costs of the debt facilities after the April 2022 “amend and extend”
- The Group ended the year further cash positive

NEW FINANCING ARRANGEMENTS

Previous Facilities – to March 2024

Facilities:

Fixed limit RCF	$90m
Variable limit RCF	£92m (max)
Hong Kong Receivables	$18m (max)
Facility size	$90m - c$222m

Pricing:

Bank margin of base plus 2.5% rising, to base plus 3.0% from June 2023

Covenants:

For FY2023
Liquidity : maintain a minimum $35m of facilities above net debt
Quarterly Earnings: maximum $10m deviation from budget
Adjusted EBITDA on a rolling 12-month basis

For FY2024 – Revert to previous

Revised Facilities – to June 2026

Facilities:

ABL	$125m
UK Overdraft	£8.5m (c$10.6m) [(a)]
Facility size	$34m - $130m Based on receivables availability
Accordion	$50m available

Pricing:

Bank margin ranging from 1.85% to 2.35% (including credit spread adjustment) plus SOFR, depending on excess liquidity

Opening margin 2.1%

Controls:

Excess liquidity measure	Greater of 12.5% or $12.5m
Fixed Charge Cover Test	EBITDA to be > Fixed Charges

- New facilities effective 5 June 2023
- HSBC and NatWest continue from the previous facilities
- Option to add inventory into the borrowing base if required, and includes Accordion $50m for growth
- Margins and non-utilisation fees are reduced
- This is a seasonal working capital facility – so the Group being cash positive for half of the year limits margin upside

(a) Overdraft £16.5m (c$20.6m) until end July 2023, then reduces to £8.5m (c$10.6m)

DG AMERICAS UPDATE

Commercial

- 10% revenue decline, despite some “catch-up” pricing in 2 waves
- Decline results from:
    - strategic decision to exit unprofitable contracts, especially with “value” accounts, mostly in Seasonal business, especially in Celebrations
    - volume softness, especially in Q4 Everyday Celebrations
- Craft & creative play is stabilised post reversal of the Covid-19 boost
- Progress with Stationery, especially dated-products
- Cost inflation more than offset by benefits from pricing and turnaround initiatives
- Walmart awarded DG Americas Giga-Guru status for its collaborative work on measuring and monitoring energy usage and consumption

Operational

- Leadership team strengthened with a new local CEO and CFO
- Significant cost savings realised from the various turnaround initiatives underway e.g.:
    - supply chain re-planning resulting in significantly fewer container shipments required,
    - 100 headcount reduction,
    - manufacturing & distribution efficiencies as consolidate sites, e.g. giftwrap in Byhalia
    - procurement savings through negotiation, including of rebates
- Inventory reduction and better receivables management
- Closure of 4 regional offices, with Clara City distribution centre exit currently underway
- Further leverage of Mexico-based contract manufacturing
- Acquisition of remaining 49% of Anker Play Products after a put-option exercised

DG INTERNATIONAL UPDATE

Commercial

- 3% revenue decline at reported rates due to adverse FX, as 10% increase in constant currency
- All businesses grew over the full-year, with especially strong growth in continental Europe
- Q4 softness experienced in DG UK Everyday, and to a lesser degree in DG Australia, driven by lower consumer demand
- Following a successful FY2023 cycle, early pricing negotiations in FY2024 seasonal business in the UK suggests challenges, triggering an exceptional non-cash UK goodwill write-down of $29.1m
- Continued sales growth of Eco-nature™ range in the UK, as more customers show interest in sustainable products
- Our main European customers are generally emerging as winners in the move to value by the consumer
- DG UK recently received Tesco's Supplier Innovation Award for category development work
- 175th birthday of the Christmas cracker, invented by Tom Smith®

Operational

- A tougher consumer environment and trading conditions in the UK led to a restructuring of the DG UK operations, with a headcount reduction of 31
- Continued investment in capex projects to address increasing interest in bags for giftwrap
- Our various shrink-free solutions continue to be developed, with the exciting introduction of Smartwrap™ in DG Europe
- All Anchor frames are now made from recycled plastic
- Achieved Ecocert™ Climate Neutral Certification on DG Netherlands giftwrap

STRENGTHENING THE SENIOR TEAM

Erik Sjogren was appointed DG Americas CEO in April 2023, having joined in January 2023.

Experience:
Erik joined from The Georgia-Pacific Corporation, where he led the $1bn+ Dixie Consumer Products business for 8 years. Prior to that Erik has held several key management roles at Georgia Pacific over 21 years.

Skills:
A Bachelor's degree from Franklin & Marshall College, along with an MBA from Emory University. Erik has a successful track record of delivering consistent revenue and profit growth through core business initiatives as well as long term innovation planning, marketing strategy, innovation and team development.

Steve Linville joined DG Americas as CFO in April 2023.

Experience:
Steve joined from Newell Brands, where he was the CFO for the Food Business unit, prior to which he held a variety of senior finance roles at Halyard Health and Kimberly Clark.

Skills
A Bachelor's degree in Corporate Finance Investment Management, and a Masters in Accountancy from the University of Alabama. Steve has great experience in the consumer products sector, as well as continuous improvement and business optimisation. He has experience working in the UK as well as various locations around the US.

Rohan Cummings joins as Group CFO in July 2023.

Experience:
Rohan joins from Devro Limited (previously Devro plc) where he has been the Group CFO since 2020. During his tenure, Rohan was instrumental in the delivery of revenue growth and increased profitability. Prior to that, Rohan was CFO of Asahi International. Between 2002 and 2016 he held a range of international finance roles with SAB Miller.

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

SETTING A NEW STRATEGY

- Last year's pivot to a 5-point focus on:
  - reducing complexity and better leveraging expertise and scale, and improving mix
  - improving margins
  - a more resilient supply chain
  - lowering working capital levels, and
  - strong leadership and management teams at all levels of the Group

  has been instrumental in delivering the FY2023 results and providing future momentum

- The Group engaged external professional support to help develop a growth-focused strategy to grow the business beyond the recovery of pre-Covid-19 pandemic operating margins

- The strategy has been developed by the Operating Board, and is now being rolled-out to the businesses to turn into 3-year plans

- Further highlights are set out in the following slides, but more detail will be shared at the HY2024 reporting in November 2023

THE NEW STRATEGY

Be the partner of choice that is:

Strategic
- Purposeful
- Providing good value

Adaptive
- Design-led
- Innovative

Dependable
- Resilient supply chain
- Responsible

Strong
- Talent-rich
- Flexible footprint

Collaborative
- Open-minded
- Learning

Informed
- Data driven
- Seasoned

Enabling us to win together

Through excellent partnering to grow our categories
- Identifying and developing the required capabilities

Bringing consumer-focused solutions
- Brand and product development
- A better shopper experience
- Sustainable products and solutions

STRATEGIC PRIORITIES

Strategic

- A longer-term perspective with vision and purpose, supported by clearly defined objectives for our categories.
- Mapping the journey to deliver sustained value in a commercial disciplined and efficient manner.
- A strong leadership culture focused on value-creation.

Adaptive

- A more consumer and buyer-focused approach when we innovate, design, and develop.
- A more mindful approach toward consumer trends and the retail experience, as well as other societal shifts.
- Adapting, evolving and extending our offering and solutions to stay consumer relevant.

Dependable

- De-risking our categories for our customer.
- Supply chain resilience, responsible supplier management, and the ability to quickly respond.
- Keep customer trust in our ability to deliver.
- Addressing the needs of our stakeholders and the wider environment.

Strong

- A well-invested, low cost, flexible manufacturing footprint, coupled with an extensive supplier base.
- A deep pool of international talent covering the important aspects of our service delivery such as; creative, technical, commercial and leadership.

Collaborative

- Leverage the complete range of skills and resources available to the Group, internal and external.
- Identify and unlock the synergies within the Group's global operations and its extensive supplier network.

Informed

- Underpinning our creative work and decision-making with strong insights developed from widely drawn, quality data.
- Drawing from a strong bench of experienced and seasoned managers and leaders.

Excellent Partnership

- World-class capabilities in category management as well as strong key account management.
- Identifying and developing key supporting skills such as brand development, procurement, supply chain and financial.

Consumer-focused Solutions

- Developing solutions, designs, brands, products and services cognizant of consumer and buyer; anticipating their needs.
- Developing and extending the value-proposition of our categories, prolonging their appeal and relevance.

SUMMARY AND OUTLOOK

Summary

- FY2023 saw return to profitability, ahead of expectation, helped by focus on turnaround initiatives, especially in DG Americas
- Despite the challenging economic backdrop our key customer relationships hold
- Strong sales in Europe, with continued challenges in the US, and now also UK
- Better working capital management led to stronger cash generation
- Strengthened Board and senior management focused on growth

Outlook

- The worsening economic backdrop is reducing consumer demand and pricing opportunities, especially in UK and US – we are responding
- There will be normalisation of H1 / H2 phasing
- But:
  - A strong FY2024 order book confirms continued customer loyalty
  - Momentum in the turnaround initiatives expected to continue to deliver profit and margin growth in FY2024
- Successful 3-year re-financing of the Group at lower cost
- New growth-focused strategy to build a more resilient business

APPENDIX

LARGEST SHAREHOLDERS*

Hedlund Family 23.39%	**Canaccord WM** 14.64%	**Octopus** 11.39%	**Fidelity** 9.40%
Rowan Dartington 5.96%	**Hauck & Aufhaeuser Bank** 2.55%	**Close Brothers** 2.42%	**Schroder IM** 2.12%

*Information taken from Equiniti Share Register Analysis 31 May 2023

OUR STRENGTHS

Relationships - with the biggest global retailers

- Consistently serving household names through recent global challenges, and now the "cost of living crisis"
- Continued demand for our products
- Top 20 customers: 68% of revenues, at $587m
- Walmart 'Giga-Guru' status for carbon reduction

Scale – the largest player in the industry

- Substantial barriers to entry
- 30% of revenue in-house manufactured provides flexible service options
- Giftwrap printing platform being supplemented with a bag manufacturing platform
- More scope to leverage greater efficiency
- Nearly 1.4 bn units of product sold

Innovation – at our core

- The Eco Nature™ range is gaining traction in the UK
- Embracing sustainability with continued development of "shrink-free" solutions e.g. Smartwrap™
- Design Group brands are 37% of revenue (FY2022 43%)
- Value in our licences (e.g. Disney®, Star Wars®, Barbie®) and our brands (Tom Smith®, Anker Play Products®)

Diverse revenue streams

- Everyday and minor season products are 58% of revenues (FY2022 60%)
- Americas market provides 67% of revenue (FY2022 68%)