Half Year 2024 Results

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28 November 2023

HY2024 HIGHLIGHTS

HY2024 Results

- Adjusted operating profit up 26% to $38.2 million
- Margin up 270 bps to 8.6%
- Revenue down on lower demand and phasing
- Net debt significantly reduced

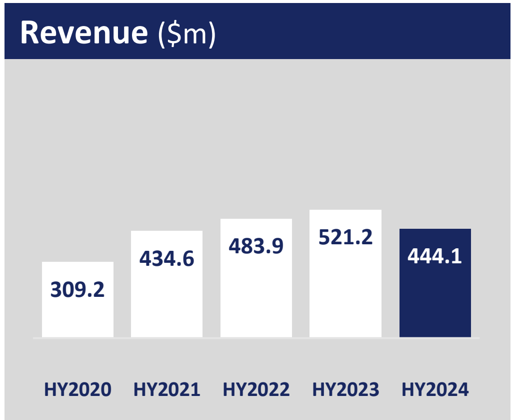
Strategy

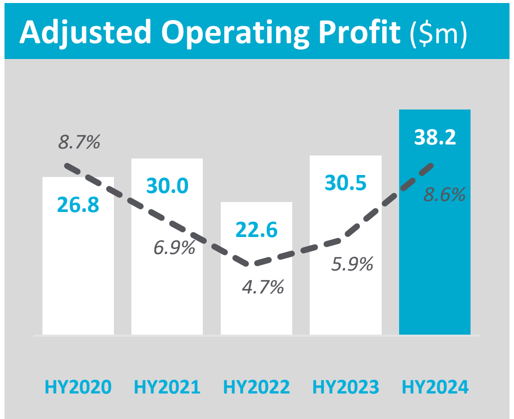
- Margin recovery FY2025 aspiration (4.5%+) on-track
- New growth-focused strategy underway
- FY2027 aspirations set out: sales $900 million and 6%+ adjusted operating margin

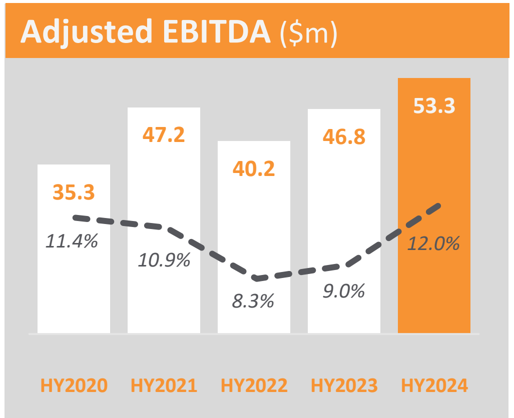
FY2024 Outlook

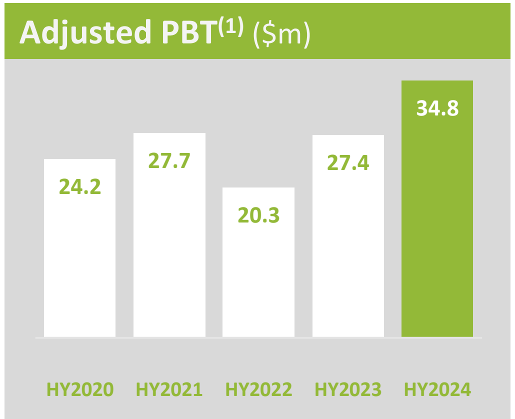
- Bank facilities to June 2026
- Continued uncertainty over consumer demand
- Remain confident of FY margin and profit growth
- Cash delivery above plan

HY2024 FINANCIAL SUMMARY

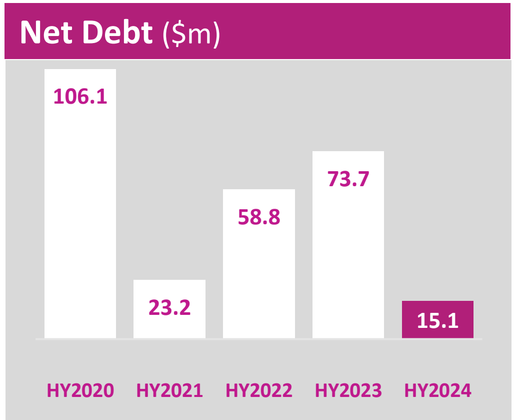








(1) Adjusted PBT is stated before tax and adjusting items



- Revenue down 15%: mainly impacted by lower demand, re-phasing and focus on profitable tenders
- Profit and margin recovery, from the FY2022 low, is clearly underway
- Significant reduction in net debt reflects strong working capital focus

CATEGORY PERFORMANCE

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

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

- Product category mix generally stable
- Some weakness in Stationery offset by rise in Gifting, especially frames in continental Europe
- Stability in Craft, but weakness in Creative Play
- Seasonality mix is also generally stable between Seasonal and Everyday
- Initial weakness in demand for Everyday, was followed by weaker Seasonal ordering
- Customer service levels and quality remain high

DG AMERICAS UPDATE

Commercial

- 24% revenue decline:
  - Smaller orders reflect lower consumer demand, in Everyday and now Seasonal
  - Some phasing shift to H2 and more traditional seasonality
  - All categories impacted, especially: Giftwrap, Décor, Cards, Creative Play, Stationery
  - More focus on profitable tenders
- Impact felt across all major customers
- Few price increases following last year's "catch-up"
- Strengthening commercial selling capabilities: reorganised Category Teams and established a Strategic Selling Team
- Third year in a row won Walmart's Giga-Guru status for supply chain carbon reduction

Operational

- Leadership team strengthened with a new CEO and CFO from start of period
- Focus on simplification and efficiency
- Cost savings continue to be realised from strategic initiatives:
  - Sourcing, manufacturing and distribution efficiencies
  - c50 headcount reduction
  - Six sites completely vacated, and the site consolidation plan continues
- Benefit from better finished-goods sourcing, as well as lower freight costs
- Further leverage of Mexico-based contract manufacturing as customer request near-shoring options
- Inventory and SKU reduction

DG INTERNATIONAL UPDATE

Commercial

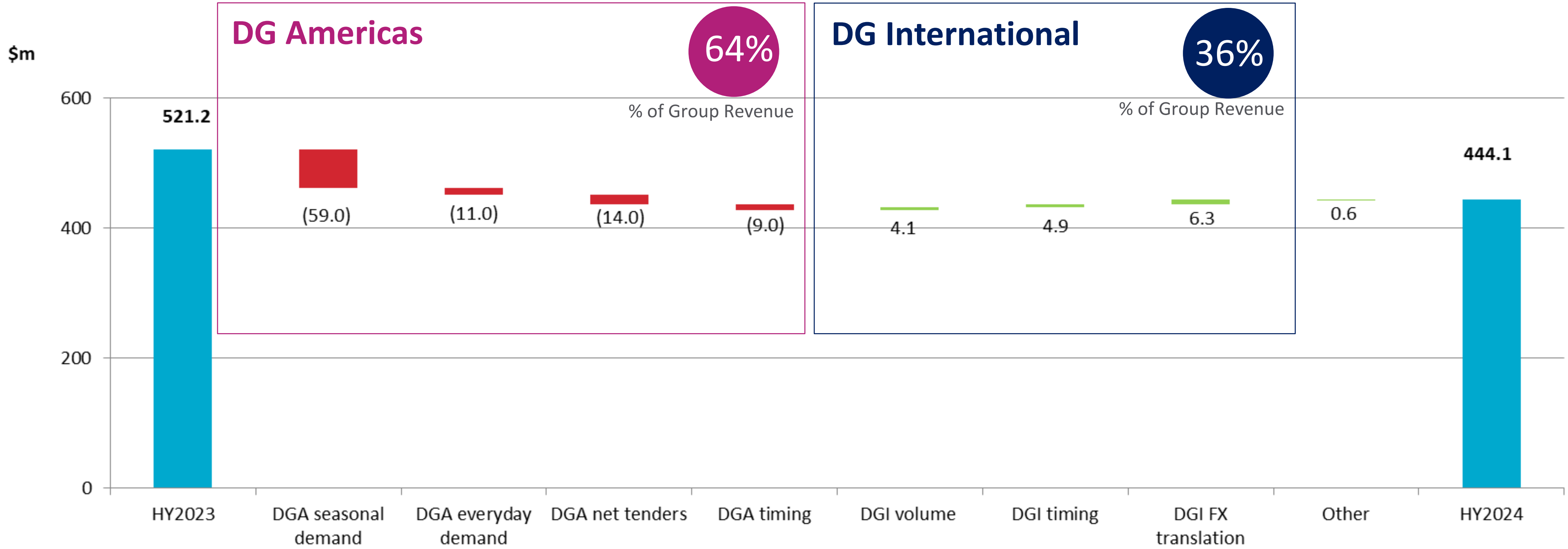
- 8% revenue increase:
  - Resilience in continental European markets
  - Weakness in the UK and Australia
  - Volume driven, as no pricing opportunity
  - Favourable FX
- Very strong interest in Europe for Smartwrap™
- Eco Nature™ gaining distribution in the UK, good sales growth
- Costco interest in kraft paper packaging
- Successful launch of the Paperchase range in Tesco
- Further developing Décor and Stationery categories

Operational

- Leadership strengthened with the division's Units seeing two new MDs and a new FD
- Investment in bag-making in continental Europe, partly in response to near-shoring requests from customers
- Enhancing the premium appeal of Eco Nature™ through ink development
- Investing in Smartwrap™ technology in the UK to upgrade our shrink-free solution
- Benefit from better finished-goods sourcing, as well as lower freight costs
- UK reorganisation ongoing
- Additional warehousing in continental Europe on-stream

GROUP REVENUE

Revenue	HY2024 $m	HY2023 $m	Growth %
DG Americas	**282.4**	373.4	(24%)
DG International	**161.7**	149.4	8%
Elims / Central costs	-	(1.6)	-
Total	**444.1**	521.2	(15%)



Reported revenue was down 15% driven by DG Americas offset by growth in DG International

DG Americas revenue down 24% driven by:

- Softness in demand in both seasonal and everyday categories
- Focus on profitable tenders meant losses in low end of US market
- Timing shifts with orders returning to a more normalised ordering pattern

DG International was up 8% (constant currency 5%) driven by:

- Continued volume growth in Europe
- Early ordering pre-season
- FX upside

ADJUSTED OPERATING PROFIT

Adjusted operating profit	HY2024 $m	HY2023 $m	Growth %
DG Americas	**16.6**	15.2	9%
DG International	**25.3**	18.4	38%
Elims / Central costs	**(3.7)**	(3.1)	-
Total	**38.2**	30.5	26%

5.9% → Adjusted Operating Margin → 8.6%

- Group Adjusted Operating Profit was up $7.7m (26%) with an increase in margin of 270 bps to 8.6%
- Sales decline was driven in DGA due to lower seasonal and everyday demand
- Continued progress in DGA turnaround initiatives: supply chain re-planning, headcount reduction, manufacturing and distribution efficiencies and procurement savings
- Sourcing benefits of bought-in product and freight savings
- Increased overheads and labour costs are driven by inflationary increases

PROFIT & LOSS

	Adjusted			Reported	
	HY2024 $m	HY2023 $m	Change	HY2024 $m	HY2023 $m
Revenue	**444.1**	**521.2**	***(15%)***	**444.1**	**521.2**
Gross profit	93.4	86.6	*8%*	93.0	86.6
Gross margin	*21.0%*	*16.6%*	*440bps*	*20.9%*	*16.6%*
Overheads	(55.2)	(56.1)	*2%*	(55.5)	(51.5)
Operating profit	38.2	30.5	*26%*	37.5	35.1
Operating profit margin	*8.6%*	5.9%	*270bps*	*8.4%*	6.7%
Finance charge	(3.4)	(3.1)	*10%*	(3.4)	(3.1)
Profit before tax	34.8	27.4	*27%*	34.1	32.0
Tax	(9.7)	(7.3)	*33%*	(9.5)	(8.5)
Effective tax rate	*27.8%*	*26.5%*	*130ps*	*27.9%*	*26.3%*
Profit after tax	**25.1**	**20.1**	***25%***	**24.6**	**23.5**
EPS	25.0c	19.6c	*28%*	24.4c	23.1c

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Adjusted operating profit/(Loss)	**HY2024 $m**	HY2023 $m	Growth %
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Adjusted operating margin	**HY2024**	HY2023	Growth bps
DG Americas	**5.9%**	4.1%	180
DG International	**15.7%**	12.3%	340
Total	**8.6%**	5.9%	270

- Group revenue was down 15% driven by DGA down 24% offset by DGI up 8%
- Adjusted operating profit is up 26% with margins up 270 bps at 8.6%
- Interest $0.3m up due to significantly higher year-on-year interest rates in H1, mitigated by lower average net debt levels
- Reported ETR is 27.9% which is impacted by the non-recognition of UK deferred tax assets
- Diluted EPS 28% higher year-on-year driven by the increased profits

Adjusting items HY2024: reversal of a lease impairment of a previously acquired DGA site ($0.6m), offset by staff restructuring costs in DGA ($0.4m) and acquisition amortisation ($0.9m). HY2023 adjusting item was largely driven by sales of a surplus property in DGA

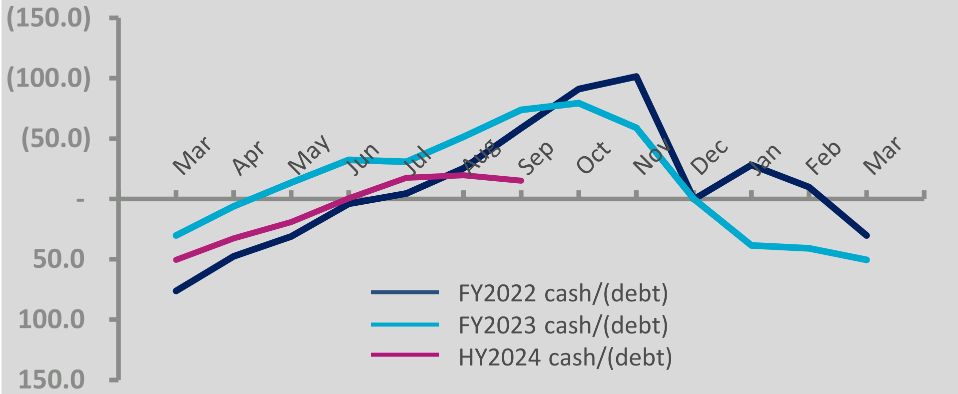
CASH FLOW

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

Working capital analysis

	HY2024 $m	HY2023 $m
Receivables	**(163.3)**	(146.8)
Inventory	**(14.6)**	(48.1)
Creditors	**78.4**	58.6
	(99.5)	(136.3)

Net cash/(debt) by month



- Net debt at $15m is a significant improvement on the prior year
- Higher adjusted EBITDA driven by increased profitability
- Lower working capital requirements as a result of better working capital management
- Net debt levels though the period were lower than the prior year having a positive impact on the interest charge

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

OUR STRATEGIC PRIORITIES

Strategic

- Adopt clearer category architecture and product portfolios, leveraging adjacent categories and product-groups
- Widen our customer base, especially in Europe, whilst further developing business with existing customers through wider ranges
- Develop a single-enterprise culture to integrate and simplify further, and better leverage resources and capabilities
- Further entry into Value, Discounter and Club channels
- Improving segmentation of our customers and service levels and route-to-market
- Cost optimisation in manufacturing through site rationalisation and leveraging best practice

Adaptive

- Continue investing in design and development of on-trend products to create unique selling propositions
- Identifying our key brands and further licencing opportunities that best support more premiumisation
- Improving segmentation of our offers and service levels to enable more targeted solutions at different value propositions
- Better adoption of social-media and e-commerce to engage, market and sell to wider audiences
- Adapting our structures and processes in response to increased centralised sourcing by some of our global customers

Dependable

- Embarking on further near-shoring opportunities to de-risk our current supply chains, finding solutions that offer more sustainable options
- Continue to develop and sell more sustainable products, including full roll-out of Smartwrap, and gaining further distribution of our Eco-Nature range
- Develop more sustainable transportation solutions for road and sea-freight

Strong

- Strengthening our sales and account management skills to better serve our customers, including the provision of insights
- Developing our category management skills to improve the presentation of our assortments to the consumer at retail, helping them to better navigate our offers
- Re-designing our organisations to simplify their operations, improve that business's effectiveness, as well as raising its efficiency to become more competitive and more sustainable, both at a local as well as overall Group level

Collaborative

- Digitise and standardise our intellectual property management processes across the Group to more effectively share and exploit the Group's intellectual property
- Establish a Group-wide approach to sourcing
- Improving our level of knowledge in the areas of e-commerce, data-analysis, category management and selling skills
- Investing in the continued development of our teams, especially in the commercial arena, leveraging a variety of tools and approaches

Informed

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

OUR STRATEGIC ASPIRATIONS

- Good progress on the first stage: returning to proforma pre-Covid-19 adjusted operating profit margins of at least 4.5% in FY2025
    - Proforma reflects the full-year contribution from CSS Industries (acquired in March 2020) for FY2020

- Second stage aspiration of FY2027 delivery is based on our organic growth-focused strategy, and should deliver further margin growth and strong profit growth
    - No transformational M&A, but selective "bolt-ons" will be considered

- Good cash delivery should keep average leverage to no more than 1.0x under normal conditions

	FY2020 PROFORMA $m	FY2022 $m	FY2025 ASPIRATION $m	FY2027 ASPIRATION $m
Sales	906.3	965.1	825.0	900.0
Adjusted Operating Profit	40.5	3.8	41.3	55.0
Adjusted Operating Margin	*4.5%*	*0.4%*	*5.0%*	*6.1%*
Adjusted Profit Before Tax	33.0	(1.3)	36.0	50.0

SUMMARY AND OUTLOOK

Summary

- Strong start to FY2024 with adjusted operating profit up due to re-built margins
- Cash generation significantly above expectations
- Revenue down mainly due to lower demand and phasing
- Despite the challenging conditions at retail, our customer relationships hold
- DG Americas turnaround continues under the strengthened team
- Focus on sustainable solutions continues

Outlook

- Secured new bank facilities to June 2026
- Continued uncertainty over consumer demand in some markets expected to last through FY2024
- Though sales will be down, we are still confident of margin and profit growth in FY2024, with cash delivery above plan
- Margin recovery aspiration for FY2025 is on-track despite the demand challenges
- New growth strategy underway with priority initiatives identified
- FY2027 aspirations set out for higher sales, margins, profits, and managed leverage

APPENDIX

A vibrant display from our Paperchase collaboration with Tesco in the UK

Our innovative Smartwrap™ shrink-free wrap solution has been well received in Continental Europe

Free-standing display units are building Eco Nature™ distribution and sales in the UK

We are expanding into the Décor category in Continental Europe

LARGEST SHAREHOLDERS*

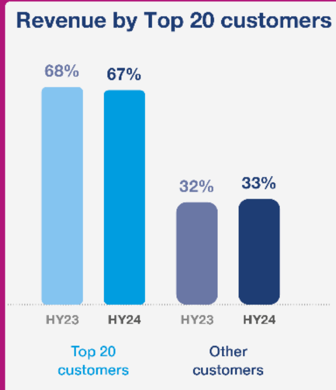
Hedlund Family	23.32%
Canaccord WM	14.83%
Octopus	11.05%
Fidelity	9.85%
Rowan Dartington	4.31%
Hauck & Aufhaeuser Bank	2.54%
Close Brothers	2.30%
Schroder IM	2.11%

*Information taken from Equiniti Share Register Analysis 31 October 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: 67% of revenues, at $296m
- Walmart ‘Giga-Guru’ status for carbon reduction



Scale – the largest player in the industry

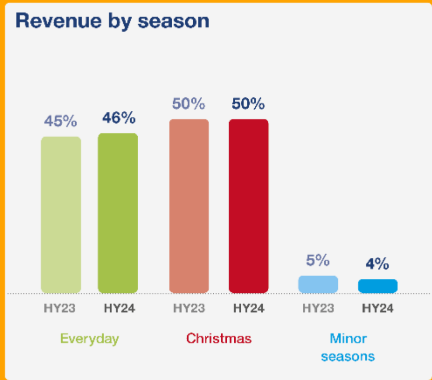
- Substantial barriers to entry
- 35% of revenue in-house manufactured provides flexible service options
- Giftwrap printing platform being supplemented with a bag manufacturing platform
- More scope to leverage greater efficiency
- Nearly 1.4 billion units of product sold annually

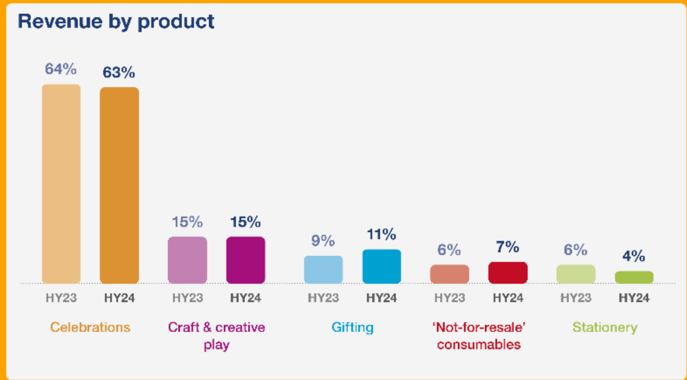
Innovation – at our core

- 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 35% of revenue (HY2023 31%)
- 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 50% of revenues (HY2023 50%)
- Americas market provides 69% of revenue (HY2023 75%)





FINANCING

Facilities:

Facility size	ABL: Up to $125m depending on US receivables availability UK Overdraft: £8.5m (c. $10.4m)
Tenure:	June 2026
Accordion	$50m available

Pricing:

SOFR plus bank margin ranging from 1.85% to 2.35% (including credit spread adjustment), 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

- Excess liquidity test amended in November 2023 to $6.5m in June and July to reflect receivables seasonality
- Option to temporarily convert £8.5m overdraft to £17m RCF between mid-June and mid-August 2024