25 July 2024

De La Rue plc

2024 full year results

De La Rue plc (LSE: DLAR) ("De La Rue", the "Group" or the "Company") announces its full year results for the period ended 30 March 2024 (the "year", "period" or "FY24"). The comparative period was the period ended 25 March 2023 ("FY23").

Financial highlights

	FY24 £m	FY23 £m	Change %
Revenue	**310.3**	349.7	**-11.3**
Authentication	103.2	91.7	+12.5
Currency	207.1	254.6	-18.7
Identity Solutions	-	3.4	-100.0
Gross profit	**85.9**	92.1	**-6.7**
Adjusted operating profit*[1]	**21.0**	27.8	**-24.5**
IFRS operating profit/(loss)	**5.8**	(20.3)	**+128.6**
(Loss) before taxation	**(15.4)**	(29.6)	**+48.0**
Adjusted basic EPS*[2] (p)	**(5.3)p**	(1.5)p	**-253.3**
IFRS basic EPS (p)	**(10.2)p**	(28.6)p	**+64.3**

	FY24 £m	FY23 £m	Change %
Net debt[3]	**89.4**	82.4	**8.5**

Footnotes:

* These are non-IFRS measures. The definition and reconciliation of adjusted operating profit and adjusted basic EPS can be found in the non-IFRS financial measures section of this Statement.

1. Adjusted operating expenses and adjusted operating profit excludes pre-tax exceptional items of £14.2m (FY23: £47.1m) and pre-tax amortisation of acquired intangible assets £1.0m (FY23: £1.0m).
2. Adjusted basic EPS excludes post-tax exceptional items of £9.0m (FY23: £52.2m) and post-tax amortisation of acquired intangible assets £0.7m (FY23: £0.7m).
3. The definition of net debt can be found in note 9 to the financial statements.
4. All the above are reported for continuing operations.

Highlights

- Group revenue of £310.3m (FY23: £349.7m) impacted by Currency industry downturn.
- Adjusted operating profit of £21.0m (FY23: £27.8m) in line with guidance provided at the start of the year. IFRS operating profit of £5.8m, an improved performance compared with FY23 loss of £20.3m.
- Authentication:
    - FY24 revenue rose 12.5% to £103.2m (FY23: £91.7m), surpassing £100m target.
    - Adjusted operating profit of £14.6m (FY23: £14.3m) and IFRS operating profit of £12.9m (FY23: £5.4m) increased.
    - Four multi-year contract renewals secured with associated expected future revenues of over £150m.
    - Authentication expected future revenues covered by contracts now over £350m, stretching over 11 years, with most of this due within the next three years.
- Currency:
    - Revenue reduced 18.7% to £207.1m (FY23: £254.6m).
    - Adjusted operating profit of £6.4m (FY23: £13.6m) achieved through industry downturn and much reduced IFRS operating loss of £1.0m (FY23: loss of £24.8m).
    - This environment has now improved significantly, highlighting the resilience and long-term nature of the worldwide currency industry.
    - Pick-up in order book seen at Interims has continued into calendar 2024. Order book stood at £239.2m at 30 March 2024 (FY23: £136.8m) and £241.4m at end June 2024.
    - Win rate remains high.
- Net debt of £89.4m (FY23: £82.4m restated) in line with pre close guidance and marginally ahead of the mid-£90m guidance given in December 2023.
- Following 30 May strategy update, further interest in both of the Group's divisions has been received and negotiations and due diligence in respect of both divisions are progressing.
- Board is confident that one or more of these workstreams will be concluded and allow the RCF to be repaid before its expiration on 1 July 2025. As the expiry date of the RCF is within the going concern review period, the results contain a material uncertainty. Further details can be found within '2. Basis of Preparation and Accounting Policies' below.
- A further update will be provided ahead of Annual General Meeting on 25 September 2024.

Clive Vacher, CEO of De La Rue, commented:

"De La Rue's businesses successfully navigated substantial trading challenges faced in the last financial year and met all the expectations that were set.

"Both divisions enter the current financial year well positioned to take advantage of the increasing opportunities available to them. The recovery in the Currency market that we noted at the end of 2023 has continued into 2024, and the division now has a strong order book that has been secured by an excellent win rate. Authentication has converted all four substantial contracts that it was targeting for renewal in the last year, safeguarding £150m of future revenue. It is now pursuing a number of new potential opportunities to grow revenue further.

"This stronger trading environment provides an encouraging background with which to progress our strategic priorities. These are progressing well and we are confident that discussions will reach a successful conclusion in the coming months."

Clive Whiley, Chairman of De La Rue, added:

"In the year since my appointment as Chairman, De La Rue has achieved much to harmonise stakeholder objectives. At the same time, we have made significant strides in stabilising the financial position of the Group. Despite the challenging trading environment over the last two years, De La Rue remains a trusted leader in providing authentication and currency solutions and the business is well placed to benefit from the normalisation of our markets.

"Since we published our strategic update on 30 May, we have seen an increase in strategic interest with more entities involved and due diligence undertaken on both divisions. These workstreams continue and we will provide a further update ahead of our annual general meeting on 25 September.

"The Board has made demonstrable progress in establishing a route to realising the underlying intrinsic value of the business for the benefit of all stakeholders and we look forward to completing this process during the current financial year. "

Enquiries:

De La Rue plc	**+ 44 (0) 7990 337707**
Clive Vacher	Chief Executive Officer
Dean Moore	Interim Chief Financial Officer
Louise Rich	Head of Investor Relations

Brunswick	**+ 44 (0) 207 404 5959**
Stuart Donnelly	
Ed Brown	

A presentation to investors and analysts, including a live webcast will be held today at 09:00 am and will be available via our website at https://www.delarue.com or on https://brrmedia.news/DLAR_FY_23/24. This will be available for playback after the event.

About De La Rue

Established 210 years ago, De La Rue is trusted by governments, central banks, and international brands, providing digital and physical solutions that protect their supply chains and cash cycles from counterfeiting and illicit trade.

With operations in five continents, customers in 140 countries and solutions that include advanced track and trace software, security document design, banknotes, brand protection labels, tax stamps, security features and passport bio-data pages, De La Rue brings unparalleled knowledge and expertise to its partnerships and projects.

Our core focus areas are:

- Authentication: leveraging advanced digital software solutions and security labels to protect revenues and reputations from the impacts of illicit trade, counterfeiting, and identity theft.

- Currency: designing and manufacturing highly secure banknotes and banknote components that are optimised for security, manufacturability, cash cycle efficacy and public engagement.

The security and trust derived from our solutions pave the way for robust economies and flourishing societies. This is underpinned by a significant Environmental, Social, and Governance commitment that is evidenced by accolades such as the ISO 14001 certification and a consistent ranking in the Financial Times European Climate Leaders list.

De La Rue's shares are traded on the London Stock Exchange (LSE: DLAR). De La Rue plc's LEI code is 213800DH741LZWIJXP78. For further information please visit www.delarue.com.

Cautionary note regarding forward-looking statements

Certain statements contained in this document relate to the future and constitute 'forward-looking statements'. These forward-looking statements include all matters that are not historical facts. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will", "could", "shall", "risk", "aims", "predicts", "continues", "assumes", "positioned" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors, De La Rue or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of De La Rue and the industry in which it operates.

By their nature, forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the Group's control, and which may cause the Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry and business sectors in which the Group operates to differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Group's actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation or assurance that trends or activities underlying past performance will continue in the future. Accordingly, readers of this document are cautioned not to place undue reliance on these forward-looking statements.

Other than as required by English law, none of the Company, its Directors, officers, advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will occur, in part or in whole. Additionally, statements of the intentions of the Board and/or Directors reflect the present intentions of the Board and/or Directors, respectively, as at the date of this document, and may be

subject to change as the composition of the Company's Board of Directors alters, or as circumstances require.

The forward-looking statements contained in this document speak only as at the date of this document. Except as required by the UK's Financial Conduct Authority, the London Stock Exchange or applicable law (including as may be required by the UK Listing Rules and/or the Disclosure Guidance and Transparency Rules), De La Rue expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Chairman's statement

In the year since my appointment as Chairman, De La Rue has achieved much to harmonise stakeholder objectives. Throughout, I have sought to increase the cadence of communication with shareholders, lenders and the pension fund trustee, alongside providing 'air cover' for the executive management team to focus upon achieving the optimum performance for the business during a challenging time.

Progress in FY24

As detailed in the CEO Review, the financial results for FY24 met the guidance provided in April 2023 achieving adjusted operating profit of £21.0m (FY23: £27.8m) and limited net debt to £89.4m (FY23: £82.4m), ahead of the mid-£90m guidance given in December 2023. In addition, the Authentication division increased revenue by 12.5% to £103.2m, breaking the £100m barrier for the first time.

At the same time, we made significant strides in stabilising the financial position of the Group. In June 2023, we agreed a revised set of banking covenants together with a 15-month moratorium on pension deficit repair contributions. This was followed in December 2023 by an extension to the banking facilities to 1 July 2025 and a £28m reduction in pension deficit repair contributions for the next three years, the period to the next actuarial valuation. Further details of this can be found in the Financial Review.

Strategic update

On 30 May 2024, we explained that a Board review of the core strategic strengths of the Group and how best to optimise the underlying intrinsic value of the business for the benefit of all stakeholders had included:

- recognising the improved order intake and the future prospects for the Group's operating divisions and the Group as a whole;
- the accretive value creation that may be achieved with increased scale and capabilities in both of our operating divisions; and
- our commitment to reduce leverage and create greater financial flexibility in the funding structure of the Group as a whole.

In addition, we noted that the Board was in discussions with a number of parties in relation to either of the Group's divisions. Since then, additional parties have expressed strategic interest in both divisions and negotiations and due diligence are ongoing. We anticipate announcing further details ahead of our annual general meeting on 25 September 2024.

Current trading environment

In the Currency division, market activity is returning to more normal levels after a protracted downturn and our order book has been maintained at the enhanced levels witnessed at the year end. The Authentication division has underpinned over £150m of its future expected revenue by successfully renegotiating all four significant existing contracts that were up for renewal during the last year and now holds multi-year contracts with anticipated future revenues of over £350m. All this points to a more favourable background in which to trade in FY25 and beyond.

Responsible business

Operating in a responsible way is embedded in De La Rue's purpose: securing trust between people, businesses and governments. Our strategy encompasses clear commitments to lead our industry in sustainability and to maintain the highest ethical standards in the conduct of our business.

De La Rue has taken steps to lead our industry on environmental sustainability for many years. Under our commitment to the Science Based Targets Initiative, we are working towards reducing all our emissions (Scope 1, 2 and 3) by 45% by 2030. In addition, we remain committed to achieve carbon neutrality for our own operations by 2030.

Conclusion

We are fortunate to have a committed, hard-working workforce which is key to the success of the Group. There has been and continues to be significant change throughout the organisation and I would like to thank every individual for their dedication during this time.

Despite the challenging trading environment over the last two years, De La Rue remains a trusted leader in providing authentication and currency solutions and the business is well placed to benefit from the normalisation of our markets.

As highlighted, the Board has made demonstrable progress in establishing a route to realising the underlying intrinsic value of the business for the benefit of all stakeholders and we look forward to completing this process during the current financial year.

Clive Whiley,

Chairman

CEO review

De La Rue's performance in FY24 was robust, meeting the targets and guidance set. It was a year in which we had to navigate a challenging trading environment, largely driven by the lengthy downcycle in currency demand. This environment has now improved significantly, highlighting the resilience and long-term nature of the worldwide currency industry. The significant transformation of De La Rue over the last four years has allowed the Company to transition through this industry downturn, and to emerge strongly to take advantage of the numerous opportunities coming to market in both divisions. At the same time, we have now grown the Authentication division to over £100m in revenue, with good prospects for further growth.,

For FY24 De La Rue achieved an adjusted operating profit of £21.0m (FY23: £27.8m), in line with the guidance that we set out at the beginning of the year. IFRS operating profit of £5.8m (FY23: loss of £20.3m) was substantially better than last year, with lower exceptional costs.

We worked hard to minimise the business impact of the challenges we faced, particularly the industry wide downturn in Currency in the wake of the Covid pandemic, further refining the efficiency of our operations though we still saw a 18.7% fall in revenue to £207.1m (FY23: £254.6m). We right-sized our manufacturing capacity to reflect the volume of orders that we were processing, planned our production schedule carefully, reviewed our cost base in detail and prioritised cash generation through efficient working capital management.

The business is now emerging from that challenging trading environment more efficient, more streamlined and stronger than it was previously. The increase in activity within the Currency division that we noted in December 2023 has continued into the 2024 calendar year and we started FY25 with a total Currency order book of £239.2m (25 March 2023: £136.8m). By the end of June 2024 this had increased to £241m with a further substantial contract signed in early July.

The Authentication division achieved record sales of £103.2m in FY24, an increase of 12.5% over the FY23 total of £91.7m and surpassing its target for the year of £100m. Importantly the division also secured multi-year renewals on all four of the significant contracts that were due for renewal in the year. With these contracts in place, Authentication has sight of expected future revenue from contracts in excess of £350m, equivalent to around 3.5 years revenue at current run rates.

At the same time, we made significant strides in stabilising the financial position of the Group. In June 2023 we agreed a revised set of banking covenants together with a 15-month moratorium on pension deficit repair contributions. This was followed by an extension to the banking facilities and a £28m reduction in pension deficit repair contributions for the next three years, both agreed in December 2023. Further details of this can be found in the Financial Review.

Our expanded facility in Malta is progressing well, with the Authentication and Currency facilities on track for completion during FY25. We are also working on relocating the remaining non-manufacturing activities that occur in Gateshead. This builds on the progress that we have already made in streamlining our operations through ceasing production in Kenya and flexing our operating model more in line with expected patterns of production.

As well as maximising the efficiency of our current business, we continue to work to incorporate state-of-the-art technologies into our products. These include the digital solutions within Authentication which allow customers to track and trace billions of products with sub-second response times. In addition, within Currency we are developing leading-edge security features such as the ASSURE™

technology which brings embedded level 3 security, only identifiable by issuing authorities, to polymer banknotes.

Authentication

As mentioned above, the Authentication division achieved record sales of £103.2m in FY24 (FY23: £91.7m), surpassing its target for the year of £100m. Increased sales of data pages for the Australian passport, as expected, were the stand out driver of this sales increase, with Microsoft related sales lower than FY23 given the subdued state of the PC market. Government Revenue Solutions (GRS) delivered a stable performance.

The higher revenue led to adjusted controllable operating profit rising to £25.4m (FY23: £23.0m). Adjusted operating profit was £14.6m for the period (FY23: £14.3m), with the division bearing a greater proportion of enabling function costs given its higher revenue in terms of both absolute and percentage of Group total. IFRS operating profit at £12.9m (FY23: £5.4m) also benefitted from lower exceptional charges.

At the beginning of FY24, Authentication was facing the renewal of four important contracts across all areas of the authentication operation. All four of these were successfully renewed with extensions of between three and five years' duration.

These contracts bring total expected revenue of over £150m and, as noted above, with these in place, the division now has sight of expected future revenue from contracts in excess of £350m, underpinning its potential to build further on the near 40% top line growth we have seen over the past five years. These contracts run for up to 11 years, but the bulk of this revenue will accrue over the next three years.

Our production of data pages for the award-winning Australian passport progressed well in FY24. The 'Explorer' polycarbonate data page, formally launched back in June 2023, has been well-received by the industry and we are currently pursuing further business opportunities in this area.

Within Brand, the Microsoft contract was renewed to 2029, extending that relationship to over 25 years. Within GRS, we have achieved renewals of our contracts for the provision of digital tax stamp solutions in two existing customer territories for three and five years respectively and within ID Security Features, as announced at the half year, we renegotiated a three-year deal with a key customer on improved terms.

In GRS, we continue to see good opportunities to expand the range of products authenticated within the existing territories which we cover, including soft drinks within the GCC region. We are looking to expand the number of territories covered as well as increasingly move to direct-to-product printing. In addition, we expect growth in Brand sales, including some modest growth in Microsoft volumes as the PC market recovers, as predicted by market intelligence firm IDC.

Currency

During FY24, the Currency division maintained its high proportion of banknote tender wins and, because of the increased efficiency of the division, it remained profitable. This was despite being adversely impacted by the industry-wide slowdown in currency orders in the wake of the Covid pandemic for much of the year. The division achieved an adjusted operating profit of £6.4m (FY23: £13.6m) on revenue of £207.1m (FY23: £254.6m).

On an IFRS basis, operating loss narrowed materially to just £1.0m (FY23: loss of £24.8m), benefitting from the substantially smaller exceptional costs incurred in FY24. In FY23 exceptional divisional costs totalled £38.4m and included costs associated with the termination of the supply agreement with Portals and provisions against Portals loan notes held by De La Rue. In FY24 exceptional costs amounted to £7.4m.

Careful management helped to ensure that the fall in revenue across all areas of the division was less in percentage terms than the equivalent fall in volume in each area.

In turn, our efforts in right-sizing the business, together with meticulous control of costs, allowed us to achieve gross and operating margin in percentage terms at almost the same level as last year.

The period 2020 to 2023 saw a decrease in the number of new banknote designs, which limited the opportunities for polymer conversions versus our initial expectations.

We retain confidence in the long-term prospects in this area, with a range of significant countries continuing to evaluate conversion. Our most recent analysis indicates current potential interest in polymer banknotes of 54bn notes per annum, compared with actual current industry annual production of around 8bn notes.

We currently have the capacity to triple our production of polymer substrate without the need for further investment. We believe the continued move to the use of polymer substrate, with its improved durability and recyclability, will generate significant value over the next three to five years.

Our launch of ASSURE™ represents the first offer of a level 3 security in a proven polymer substrate and allows De La Rue to provide polymer notes with a full suite of security features.

We said at the time of the interim results that we had begun to see an up-tick in tender activity within Currency. This has continued through the last quarter of FY24 and into FY25. At the end of March 2024 the order book stood at £239.2m (25 March 2023: £136.8m). At the end of June 2024, the order book had increased to £241.4m with a further substantial contract closed in early July 2024.

Responsible business

Doing business responsibly remains at the very heart of our business. During FY24, we refined and bolstered our sanctions screening procedures. We were pleased when our ISO 37001 anti-bribery and corruption certification was subsequently renewed with no non-conformances raised.

Our ongoing efforts to improve energy efficiency have also been recognised, when we received an A-grade on our 2023 CDP Climate Change questionnaire, placing us as a climate change leader according to their assessment.

Our overall progress in the realm of sustainability was reflected in a Silver medal in Ecovadis' 2023 appraisal, ranking De La Rue in the top 15% of the thousands of companies assessed by this leading holistic sustainability ratings service and FT Statista has listed the company as a Climate Change Leader for a fourth successive year.

Employees

We continue to keep the health, safety and welfare of our employees centre stage. Overall, we have had an excellent year for health and safety compliance exceeding our targeted lost time injury frequency rate (LTIFR), through the active continuation of our 'Safe, Secure and Sustainable' hearts and minds campaign. We also completed the year with no governmental reportable accidents across

all sites, even with the backdrop of extensive construction work at our Malta site. Elsewhere we have supported employee welfare by further developing site employee engagement teams. These teams organise events and activities for their sites, including community support and fundraising.

Going concern

The Group's Revolving Credit Facility (RCF) expires on 1 July 2025. The cash flow forecasts for the Group indicate that it would not have sufficient liquidity to meet the obligation to repay the RCF on or before 1 July 2025. As detailed in the Chairman's statement, various strategic options are being pursued which would allow the Group to repay the RCF on or before 1 July 2025. The most progressed of those is the sale of the Authentication division. The Board notes that the probability of completion, timing and terms of the sale of the division are subject to factors outside of the Board's control, which may in turn impact the cash proceeds, the costs associated with the transaction and the amounts required to address any pension scheme risk, along with the day one liquidity of the retained operations of the Group. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

Notwithstanding the above, the Board is confident that the range of strategic options and the progress being made with them will ultimately allow the Group to repay the RCF in full before its expiration, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefit pension scheme and continue to operate the retained business as a going concern, though management acknowledge that the probability, timing and final agreed terms of any such transaction are subject to factors outside of the Board's control.

Our modelling also shows that the Group should meet all its liquidity and covenant requirements in the going concern assessment period, excluding the need to repay the RCF by 1 July 2025.

Current trading and outlook

In the first quarter of 2025, the Authentication division traded in line with expectations, having successfully renewed the four significant multi-year contracts referred to above. As well as continuing revenue from current contracts there is potential upside from the considerable number of new business opportunities that the Authentication division is currently actively pursuing.

The recovery in the Currency division noted in the interim results continues, as reflected in the order book figures at March and June 2024 set out above. This deeper order book has translated into higher revenues as well as improved gross and operating profit performance in the first quarter compared with the same period last year. The profitability of Currency has been further aided by an improved payback on the Portals termination. At the time of signing in 2022 we assumed this would take four years, but which we now estimate will be achieved in two years.

The precise outturn for the Group in FY25 will depend on the exact nature and timing of any business disposal. We will provide further details once these become clearer.

Conclusion

We move into FY25 with Currency now enjoying a prolonged and substantial growth in activity and with Authentication pursuing several potential new business opportunities, having already secured substantial revenue with its renewal of four significant multi-year contracts. As a result of the transformation of the company over the past four years, De La Rue's divisions occupy leadership

positions in their respective industries and are well positioned to take advantage of the growth that is evident in their market segments. I would like to thank all the employees at De La Rue for their perseverance and determination in reaching this point and look forward to taking full advantage of the new opportunities we now see across both divisions to create growth.

Clive Vacher,

Chief Executive Officer

Financial review

To provide increased clarity on the underlying performance of our business, we have reported gross profit and operating profit on an IFRS and adjusted basis, together with adjusted EBITDA and adjusted controllable operating profit (adjusted operating profit before enabling function cost allocation), for both operating divisions. Further details on non-IFRS financial measures can be found on within Non-IFRS Measures.

100% of Group revenue for FY24 of £310.3m (FY23: £349.7m) originated from our ongoing operating divisions of Currency and Authentication.

Together, Currency and Authentication delivered adjusted operating profit of £21.0m (FY23: profit £27.8m), a fall of £6.8m (24.5%) period-on-period. This largely reflects lower revenue from the Currency division and a slight increase in operating expenses. The legacy Identity Solutions business generated an adjusted operating result of £nil in FY24 with no remaining activity (FY23: £0.1m loss).

The Group saw IFRS operating profit of £5.8m, as compared with a loss of £20.3m in FY23, which saw much higher exceptional costs, including the termination of the agreement with Portals Paper, a credit loss provision on Portals loan notes and substantial restructuring expenses.

Authentication

The Authentication division leverages advanced digital software solutions and security labels to protect revenues and reputations from the impacts of illicit trade, counterfeiting, and identity theft.

	FY24 £m	FY23 £m	Change
Revenue	**103.2**	91.7	+12.5%
Gross profit	**39.3**	34.0	+15.6%
Adjusted controllable operating profit	**25.4**	23.0	+10.4%
Adjusted operating profit*	**14.6**	14.3	+2.1%
Operating profit	**12.9**	5.4	+138.9%
	%	%	
Gross profit margin	**38.1**	37.1	+100bps
Adjusted controllable operating profit margin*	**24.6**	25.1	-50bps
Adjusted operating profit margin*	**14.1**	15.6	-150bps

* Non-IFRS measure

When compared with the prior period, the most substantial increase in FY24 Authentication revenue was due to the increase in ID sales, notably the expected increase in production of data pages for the Australian passport. Within Brand, Microsoft related sales were lower than in FY23. As noted at the half year, the monthly run rate has stabilised, reflecting the continued restrained state of PC sales globally. The loss of revenue in Kenya and from HMRC in FY23, together with a stable overall performance in GRS, moderated overall sales growth.

Gross profit margin rose 100 basis points, when compared with the prior period, reflecting the mix in sales and efficient manufacturing processes. Adjusted controllable operating profits, at £25.4m (FY23: £23.0m) were up on last year in absolute terms but saw a slight fall in margin as depreciation and amortisation rose, due to further investment in software, together with staff incentives. Adjusted operating profits were

marginally up on last year at £14.6m (FY23: £14.3m) with the division allocated a higher proportion of enabling function costs, as both divisional revenue was higher and Group revenue was lower than last year.

In FY23, the division was impacted by substantial exceptional costs in relation to the wind down of Kenya and the impairment of certain software development costs.

This has not repeated this year and in FY24 exceptional costs relating to Authentication amounted to just £0.7m in relation to restructuring initiatives. As a result, IFRS operating profit rose 138.9% to £12.9m (FY23: £5.4m).

Currency

The Currency division designs and manufactures highly secure banknotes and banknote components that are optimised for security, manufacturability, cash cycle efficacy and public engagement.

	FY24 **£m**	FY23 £m	Change
Revenue	**207.1**	254.6	-18.7%
Gross profit	**46.6**	58.2	-19.9%
Adjusted controllable operating profit	**29.5**	37.6	-21.5%
Adjusted operating profit*	**6.4**	13.6	-52.9%
Operating loss	**(1.0)**	(24.8)	+96.0%
	%	%	
Gross profit margin	**22.5**	22.9	-40bps
Adjusted controllable operating profit margin*	**14.2**	14.8	-60bps
Adjusted operating profit margin*	**3.1**	5.3	-220bps

* Non-IFRS measure

Revenue for the year in the Currency division was adversely impacted by the industry downturn, falling 18.7% compared with last year to £207.1m (FY23: £254.6m). Volumes were substantially down in all areas of the business. However, by right-sizing our operations and by careful management of our tenders, we were able to minimise the fall in margins at a gross profit level. In monetary value, gross profit fell 19.9% to £46.6m (FY23: £58.2m).

Careful cost control and the reallocation of the ongoing remaining costs of the Gateshead and Kenya facilities to enabling function costs at the start of FY24 resulted in adjusted controllable operating profit falling nearly proportionally to £29.5m (FY23: £37.6m).

The allocation of enabling function costs to the division fell slightly in absolute terms, given the smaller proportional contribution of divisional revenue to the Group in FY24 but, because of the lower adjusted controllable operating profit, adjusted operating profit fell 52.9% to £6.4m (FY23: £13.6m).

£7.4m (FY23: £38.4m) of exceptional costs of right-sizing the business for future operations led the division into a marginal loss of £1.0m (FY23: loss of £24.8m) on an IFRS basis. This included restructuring in the UK, together with some further costs in relation to the wind down in Kenya. In the equivalent period last year, a much larger divisional IFRS operating loss was recorded, including the termination of the

agreement with Portals Paper, a credit loss provision on Portals loan notes and substantial restructuring expenses.

Identity solutions

As noted above, the legacy Identity Solutions business saw no activity in FY24 with an operating result of £nil (FY23: operating loss of £0.1m).

Enabling function costs

In FY24, enabling function costs of £33.9m (FY23: £32.7m) rose by 3.7% and represented 10.9% of Group revenue (FY23: 9.4%).

The rise in enabling function costs is mostly due to the reallocation of the remaining ongoing costs of the Gateshead and Kenya facilities into enabling functions from the beginning of FY24. This allows for greater focus in the central management of these projects. Most activity at Gateshead has now ceased and we are working to relocate the remaining functions as soon as practicable. Excluding this reallocation, enabling function costs fell compared with FY23.

Exceptional items

Exceptional items during the period constituted a net charge of £14.2m (FY23: £47.1m) before tax.

Exceptional charges before tax included:

	FY24 £m	**Cash £m**	**Non-cash £m**	FY23 £m
Site relocation and restructuring costs	**9.0**	**4.3**	**4.7**	21.1
Costs in relation to pension payment deferment and banking refinancing	**5.4**	**5.1**	**0.3**	-
Credit loss provision/write back on Portals loan notes	**(0.5)**	**(0.3)**	**(0.2)**	8.5
Pension underpin costs	**0.3**	**0.3**	**-**	0.5
Termination costs related to the Portals Paper agreement	**-**	**-**	**-**	17.0
	14.2	**9.4**	**4.8**	47.1

£9.4m (FY23: £17.4m) of the exceptional items reported in FY24 were settled in cash in the year. An additional £9.2m was settled in cash in relation to prior year exceptional items, being £7.5m related to the termination of the Relationship Agreement with Portals Paper Limited and £1.7m related to restructuring costs. Therefore, a total of £18.6m was settled in cash in FY24 relating to exceptional items.

£9.0m (FY23: £21.1m) exceptional site relocation and restructuring costs comprised:

- £4.1m (FY23: £2.5m) charge for redundancy and legal fees, namely £2.8m within Currency, £0.8m in Authentication and £0.5m in Central enabling functions, was made in relation to restructuring initiatives to right-size the divisions for future operations.
- £4.5m (FY23: nil) of impairment charges relating to the impairment of certain assets and machinery in the Currency division, together with £0.2m of costs preparing these assets for removal.

- £0.2m (FY23: £1.1m) of restructuring charges related to the cessation of banknote production at our Gateshead facility primarily relating to the costs, net of grant income received of £0.1m, of relocating assets to different Group manufacturing locations.
- A net nil (FY23: £12.6m) in relation to the wind down of our operations in Kenya announced in January 2023. This included redundancy charges of £0.1m, offset by £0.1m of proceeds from the sale of previously impaired inventory.

In addition, FY23 included £4.3m of asset impairments and £0.6m of charges relating to other cost out initiatives, including the initial Turnaround Plan restructuring.

Costs associated with pension payment deferment and the banking refinancing amounted to £5.4m (FY23: £nil) in the period. This included the following legal and professional advisor costs:

- £2.6m relating to amendments to the schedule of deficit repair contributions as explained in 'Pension scheme' below.
- £1.7m relating to the amendment and restatement of the terms of the revolving facility agreement on 29 June 2023, as detailed in 'Banking facilities' below.
- £1.1m relating to the extension of the revolving facility agreement on 18 December 2023, as detailed in 'Banking facilities' below.

Pension underpin costs of £0.3m (FY23: £0.5m) relate to legal fees, net of amounts recovered, incurred in the rectification of certain discrepancies identified in the Scheme's rules. The Directors do not consider this to have an impact on the UK defined benefit pension liability at the current time, but they continue to assess this.

During FY24, a net credit loss provision release of £0.5m (FY23: £8.5m charge) was reported on the loan notes held in Portals International Limited where an unexpected cash repayment of £0.3m was received during the period and a further unexpected payment of £0.2m was received after the period end.

In FY23, the Group reached a settlement to terminate a long-term supply agreement with Portals Paper Limited, incurring an exceptional cost of £17.0m, representing the agreed settlement together with associated legal costs. The final payment under the Relationship Agreement of £7.5m was made in April 2023.

Of the pre-tax net exceptional charge of £14.2m (FY23: £47.1m), £4.8m (FY23: £29.7m) relates to non-cash items, principally asset impairments, and £9.4m (FY23: £17.4m) relates to cash items.

Tax related to exceptional items amounted to a £5.2m tax credit (FY23: tax charge of £5.1m).
Included within exceptional tax items are:

- £2.7m credit representing the tax relief impact of the exceptional costs detailed above, which is net of a £0.5m charge relating to the UK corporate interest restriction;
- £2.3m credit relating to the release of a provision following the expiry of an indemnity period, following the Cash Processing Solutions Limited business sale in May 2016; and
- £0.2m credit for the release of other tax provisions no longer considered necessary.

Finance costs

The Group's net interest charge was £21.2m (FY23: £9.3m). This included interest income of £0.5m (FY23: £1.2m), interest expense of £19.2m (FY23: £11.6m) and retirement benefit finance expense of £2.5m (FY23: income of £1.1m).

In FY24, no interest income has been recognised on the loan notes and preference shares held in Portals Paper Limited (FY23: £1.1m) as the original principal received and accrued interest was fully set off by the expected credit loss provision in the balance sheet as at 30 March 2024.

Interest expense comprised:

	FY24 **£m**	FY23 £m
Bank loan interest	**12.3**	7.2
Other, including amortisation of finance arrangement fees	**3.7**	3.2
Net loss on debt modification	**2.7**	0.7
Interest on lease liabilities	**0.5**	0.5
	19.2	11.6

The increase in bank loan interest paid in FY24 was largely attributable to the rises in Bank of England base rates. In FY24, these were between 4.25% and 5.25%. By comparison in FY23 these moved from 0.75% to 4.25%, with most of the increase taking place in the second half of the year.

The net loss on debt modification of £2.7m (FY23: £0.7m) relates to the changes in existing banking facilities, treated as a non-substantial modification under IFRS 9 'Financial Instruments'. The modification loss and its subsequent amortisation are non-cash items.

The IAS 19 related finance cost, which represents the difference between the interest on pension liabilities and assets, was an expense of £2.5m (FY23: £1.1m income). The charge in the period was due to the opening IAS 19 pension valuation in being a deficit of £54.7m.

Taxation

The total tax charge in the Consolidated Income Statement for the year was £3.7m (FY23: £27.6m). This includes the impact of derecognised deferred tax asset balances totalling £12.2m (FY23: £11.9m). It also includes a £3.8m credit relating to a reduction in uncertain tax positions (FY23: £8.5m tax charge).

Included within the total tax charge was a net tax credit relating to exceptional items in the period of £5.2m (FY23: tax charge £5.1m) and a tax credit of £0.3m (FY23: tax credit £0.3m) recorded in respect of the amortisation of acquired intangibles.

The Group paid corporate income tax of £2.3m in FY24 (FY23: £1.0m).

The underlying effective tax rate for FY25 on continuing operations before exceptional items and amortisation of acquired intangibles is expected to be between 60%-80%. This appears disproportionately high due to the impact of expected corporate interest restrictions in the UK and assumes no business disposals or significant changes to the net debt position.

Earnings per share

The basic weighted average number of shares for earnings per share ('EPS') purposes was 195.7m (FY23: 195.4m).

Adjusted basic loss per share was 5.3p (FY23: loss per share of 1.5p), reflecting adjusted basic loss falling from £3.0m in FY23 to a loss of £10.3m in FY24.

IFRS basic loss per share from continuing operations was 10.2p (FY23: 28.6p), given the lower net exceptional charges recorded in FY24 and reflecting a basic loss of £20.0m (FY23: loss of £55.9m).

Cash flow

The conservation and generation of cash within the business has been an area of stringent focus during the period. Net working capital improved by £5.9m (FY23: £18.3m) as we concentrated on reducing inventory levels, on careful structuring of advance payments from customers where possible and on receipt of prompt payment. We reduced our net capital expenditure outflow in Malta by seeking timely receipt of associated grant income and kept careful control over software development spend.

More detail on the movements within our cash flows for the period are set out below.

Cash flow from operating activities was a net cash inflow of £26.2m (FY23: £23.8m inflow), generated after adjusting the £15.4m loss before tax (FY23: £29.6m loss) for:

- £21.2m of net finance expense (FY23: £9.3m);
- £19.3m of depreciation and amortisation (FY23: £20.0m);
- £4.5m of asset impairment (FY23: £9.7m);
- £4.2m decrease in provisions (FY23: £0.1m increase);
- £ 1.5m of pension fund contributions related to the administrative costs of running the Scheme. In FY23 a total of £16.5m cash contributions were paid to the Scheme, which included pension deficit repair contributions. De La Rue secured a moratorium on such payments in FY24.
- £5.9m net working capital inflow (FY23: £18.3m inflow) including:
    - £7.6m decrease in inventory (FY23: £0.5m decrease);
    - £2.3m decrease in trade and other receivable and contract assets (FY23: £6.0m decrease); and
    - £4.0m decrease in trade and other payables and contract liabilities (FY23: £11.8m increase), due to the timing of supplier payments and the final payment in relation to the Portals termination agreement, paid just after the FY23 period end.
- tax payments of £2.3m (FY23: £1.0m).

The cash outflow from investing activities of £7.8m (FY23: £20.8m outflow) included:

- capital expenditure on property, plant and equipment, after cash receipts from grants, of £4.1m (FY23: £11.0m), largely relating to the construction of our expanded facility in Malta.
- capital expenditure on software intangibles and development assets of £4.6m (FY23: £10.4m).
- £0.6m (FY23: £0.2m) of interest received.
- £0.3m repayment of other financial assets.

The cash outflow from financing activities was £29.0m (FY23: inflow £12.6m), included:

- £4.0m net repayment of borrowings (FY23: draw down of £27.0m),
- £14.1m (FY23: £10.3m) of interest payments,
- £5.5m (FY23: £0.9m) of payments for debt issue costs,
- £2.5m (FY23: £2.4m) of IFRS 16 lease liability payments, and
- £3.2m (FY23: £0.8m) of dividends paid to non-controlling interests, mostly due to a repatriation of cash from Sri Lanka.

The net decrease in cash and cash equivalents in the period was £10.6m (FY23: £15.6m increase).

As a result of the cash flow items referred to, Group net debt increased from £82.4m at 25 March 2023 to £89.4m at 30 March 2024.

Net debt

The analysis below provides a reconciliation between the opening and closing positions for liabilities arising from financing activities together with movements in cash and cash equivalents:

	At 25 March 2023 £m	Cash flow £m	Foreign exchange and other £m	At 30 March 2024 £m
Gross borrowings	(122.7)	4.0	–	(118.7)
Cash and cash equivalents	40.3	(10.6)	(0.4)	29.3
Net debt	**(82.4)**	**(6.6)**	**(0.4)**	**(89.4)**

Net debt is presented excluding unamortised pre-paid borrowing fees of £5.0m (FY23: £5.0m), loss on debt modification of £3.5m (FY23: £0.7m) and £11.6m (FY23: £13.3m) of lease liabilities.

Banking facilities

On 29 June 2023, the Company signed a range of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents. As a result of these changes, the facilities are now secured against material assets and shares within the Group.

Under this amended agreement, the banking facilities' expiration on 1 January 2025 remained unchanged, but there were changes to:

- margins: with new interest rates introduced for net debt to EBITDA ratios over 2.5.
- changes in daily interest rates: to SONIA daily rates.

The following changes were made to the Group financial covenant limits and spread levels from 1 July 2023:

- EBIT/net interest payable more than or equal to 1.0 times, (3.0 times previously).
- Net debt/EBITDA less than or equal to 4.0 times up to and including the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the agreement (3.0 times previously).

- Minimum liquidity testing monthly, testing at each weekend point on a 4-week historical basis and 13-week forward-looking basis. The minimum liquidity was defined as "available cash and undrawn RCF greater than or equal to £25m", although this reduced to £20m if £5m or more of cash collateral was in place to fulfil guarantee or bonding requirements (new test). This was further amended in December 2023 (see below).
- Additional spread rates on the leverage ratio to cover the extra levels envisaged by the relaxation of covenant limits:

Leverage (consolidated net debt to EBITDA)	Margin (% per annum)
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

On 18 December 2023, the Group entered into a new agreement with its banking syndicate to extend its banking facilities to July 2025. From December 2023, the Group has bank facilities of £235m including an RCF cash drawn component of up to £160m (a reduction of £15m from the previous agreement) and bond and guarantee facilities of a maximum of £75m. The covenant tests described above continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee is due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024.

Covenant test results at 30 March 2024 are as follows:

Test	Requirement	Actual at 30 March 2024
EBIT to net interest payable	More than or equal to 1.0	**1.55**
Net debt to EBITDA	Less than or equal to 4.0	**2.78**

Minimum liquidity at 30 March 2024 was in excess of the £10m limit required under the covenant tests.

The Group also met its covenant and liquidity requirements at the end of June 2024.

The covenant tests use earlier accounting standards, excluding adjustments for IFRS 16. Net debt for covenants excludes unamortised pre-paid borrowing fees and the net loss on debt modification.

At 30 March 2024, the Group had Bank facilities of £235.0m (FY23: £275.0m) including an RCF cash drawn component of up to £160.0m (FY23: £175.0m) and bond and guarantee facilities of a maximum of £75.0m (FY23: £100.0m), due to mature on 1 January 2025.

The drawdowns on the RCF facility are typically rolled over on terms of between one and three months. However, as the Group has the intention and ability to continue to roll forward the drawdowns under the facility, the amount borrowed has been presented as long-term.

At 30 March 2024, the Group had a total of undrawn RCF committed borrowing facilities, all maturing in more than one year, of £42.0m (FY23: £53.0m). The amount of loans drawn on the RCF cash component

was £118.0m at 30 March 2024 (FY23: £122.0m). The accrued interest in relation to cash drawdowns outstanding as at 30 March 2024 was £0.3m (FY23: £0.3m).

Guarantees of £41.8m (FY23: £52.1m) were drawn at 30 March 2024 under the guarantee facility. The bond and guarantee facilities provide guarantees or bonds to participate in tenders and function as back up to contracts where customers require a guarantee as part of their procurement process. In addition, the facilities underpin some advance payments from customers. The Group considers the provision of such bonds to be in its ordinary course of business.

Pension scheme

The Company did not pay any deficit repair contributions to the Scheme during the period to 30 March 2024. On 3 April 2023, the Company and the Trustee agreed to defer the deficit repair contribution due, payable on 5 April 2023, to 26 May 2023. Subsequently, on 25 May 2023 the Company and the Trustee agreed to defer the deficit contribution due on 26 May 2023 to 5 July 2023. In June 2023, the Company and the Trustee agreed to defer all the deficit repair contributions due to recommence from 5 July 2023 and a new Recovery Plan was then agreed between the Company and the Trustee which deferred all deficit repair contributions until July 2024. Under the Recovery Plan, the amount deferred, totalling £18.75m, would be paid to the Scheme, from FY26 to FY29.

An actuarial valuation of the Scheme was then undertaken as at 30 September 2023. This showed a Scheme deficit of £78m. As a result of this valuation, on 18 December 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as previously agreed was retained, with the only payment being £1.25m due under the June 2023 Recovery Plan. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum.

The valuation of defined benefit pension schemes of the Group on an IAS 19 basis at 30 March 2024 is a net liability of £51.6m (FY23: net liability of £54.7m).

The charge to the adjusted operating profit in respect of the administration of the Scheme in FY24 was £1.3m (FY23: £1.6m). Under IAS 19 there was a finance charge of £2.5m (FY23: finance credit of £1.1m) arising from the difference between the interest cost on liabilities and the interest income on scheme assets.

Capital structure

At 30 March 2024, the Group had net assets of £2.6m (FY23: £22.6m restated).

In the prior period (FY23), deferred tax assets were incorrectly reported, being overstated by £12.4m. This has no impact on earlier reported periods. Neither does it have any cash impact on the Group. The prior year revision corrects the impact of incorrectly including forecast corporate interest restrictions within the forecast taxable profits used to support deferred tax asset recognition purposes. The corporate interest restrictions are considered temporary differences that are expected to originate in future periods and therefore excluded from the assessment of future taxable profits. Further information can be found in the Basis of Preparation within the Financial Statements.

The movement during the period included:

	£m
Opening net assets – 25 March 2023 – as reported	**35.0**
Prior period revision	**(12.4)**
Opening net assets – 25 March 2023 - restated	**22.6**
Loss for the period	**(19.1)**
Remeasurement loss on retirement benefit obligations	**5.4**
Tax related to remeasurement benefit liability	**(1.3)**
Foreign exchange movements	**(2.2)**
Movement in cash flow hedges	**(1.3)**
Employee share scheme charges	**1.4**
Share capital issued	**0.3**
Dividends paid to non-controlling interests	**(3.2)**
Closing net assets – 30 March 2024	**2.6**

Directors' report

Principal risks and uncertainties

Throughout its global operations De La Rue faces various risks, both internal and external, which could have a material impact on the Group's performance. The Group manages the risks inherent in its operations in order to mitigate exposure to all forms of risks, where practical, and to transfer risk to insurers where applicable.

The Group analyses the risks that it faces under the following broad headings: strategic risks (technological revolution, strategy implementation, changes to the market environment and economic conditions), operational risks, legal/regulatory, information risks and financial risks (currency risk, credit risk, liquidity risk, interest rate risk and commodity price risk).

The principal risks and uncertainties are reviewed at least quarterly and updated. Currently they include:

- bribery and corruption;
- quality management and delivery failure;
- macroeconomic and geo-political environment;
- loss of key site or process;
- sustainability and climate change;
- breach of information security;
- supply chain failure;
- breach of security – product security;
- sanctions;
- loss of key talent;
- banking facilities; and
- currency sales pipeline.

Full details of the above risks will be included in the FY24 Annual Report and Accounts.

Going concern

Please refer to the financial statements section "2. Basis of preparation and accounting policies".

A copy of the 2023 Annual Report is available at www.delarue.com or on request from the Company's registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

Related Party Transactions

Details of the related party transactions that have taken place in the year are provided in note 12 to the Financial Statements. None of these have materially affected the financial position or the performance of the Group during that period, and there have been no changes during FY24 in the related party transactions described in the FY23 annual report that could materially affect the financial position or performance of the Group.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge:

- The preliminary financial information, which has been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company on a consolidated and individual basis; and

- The preliminary announcement includes a fair summary of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks that it faces.

The Board of Directors of De La Rue plc at 25 March 2023 and their respective responsibilities can be found on pages 72 and 73 of the De La Rue plc Annual Report 2023. There have been the following changes since the date of that report:

- Resignation of Margaret Rice Jones
- Resignation of Rob Harding
- Appointment of Brian Small

For and on behalf of the Board

Clive Whiley

Chairman

Consolidated income statement

For the period ended 30 March 2024

	Notes	2024 £m	2023 £m
Revenue from customer contracts	4	**310.3**	349.7
Cost of sales		**(224.4)**	(257.6)
Gross Profit		**85.9**	92.1
Adjusted operating expenses		**(65.6)**	(64.3)
Other operating income		**0.7**	–
Adjusted operating profit		**21.0**	27.8
Adjusted Items[1]:			
Amortisation of acquired intangibles		**(1.0)**	(1.0)
Net exceptional items – expected credit loss	5	**0.5**	(8.5)
Net exceptional items - other	5	**(14.7)**	(38.6)
Net exceptional items - Total	5	**(14.2)**	(47.1)
Operating profit/(loss)		**5.8**	(20.3)
Interest income		**0.5**	1.2
Interest expense		**(19.2)**	(11.6)
Net retirement benefit obligation finance (expense)/income		**(2.5)**	1.1
Net finance expense		**(21.2)**	(9.3)
Loss before taxation from continuing operations		**(15.4)**	(29.6)
Taxation	6	**(3.7)**	(27.6)
Loss for the year		**(19.1)**	(57.2)
Attributable to:			
Owners of the parent		**(20.0)**	(55.9)
Non-controlling interests		**0.9**	(1.3)
Loss for the year		**(19.1)**	(57.2)
Earnings per ordinary share			
Basic EPS	7	**(10.2)p**	(28.6)p
Diluted EPS	7	**(10.2)p**	(28.6)p

Note: [1] For adjusting items, the cash flow impact of exceptional items can be found in note 5 and there was no cash flow impact for the amortisation of acquired Intangible assets.

Consolidated statement of comprehensive income

For the period ended 30 March 2024

	Notes	2024 £m	2023 restated * £m
Loss for the year		**(19.1)**	(57.2)
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss:			
Remeasurement gain/(loss) on retirement benefit obligations		**5.4**	(100.3)
Tax related to remeasurement of net defined benefit liability		**(1.3)**	11.8
Tax related to components of other comprehensive income		**–**	(0.1)
		4.1	(88.6)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(2.8)**	5.0
Foreign currency translation differences for foreign operations – non-controlling interests		**0.6**	–
Change in fair value of cash flow hedges		**(1.9)**	(1.0)
Change in fair value of cash flow hedges transferred to profit or loss		**0.6**	1.7
Tax related to cash flow hedge movements		**–**	(0.1)
		(1.3)	0.6
		(3.5)	5.6
Other comprehensive income/(loss) for the year, net of tax		**0.6**	(83.0)
Total comprehensive loss for the year		**(18.5)**	(140.2)
Comprehensive income for the year attributable to:			
Equity shareholders of the Company		**(20.0)**	(138.9)
Non-controlling interests		**1.5**	(1.3)
		(18.5)	(140.2)

*The Group Consolidated Statement of Comprehensive Income for FY23 has been restated as described in the Basis of preparation (note 2).

Consolidated balance sheet

At 30 March 2024

	Notes	2024 £m	2023 restated * £m
ASSETS			
Non-current assets			
Property, plant and equipment		**85.4**	97.1
Intangible assets		**37.2**	39.3
Right-of-use assets		**10.2**	12.1
Deferred tax assets		**0.1**	5.9
		132.9	154.4
Current assets			
Inventories		**41.7**	49.3
Trade and other receivables		**72.8**	70.7
Contract assets		**16.7**	18.9
Current tax assets		**0.2**	0.2
Derivative financial assets		**0.7**	2.4
Cash and cash equivalents		**29.3**	40.3
		161.4	181.8
Total assets		**294.3**	336.2
LIABILITIES			
Current liabilities			
Trade and other payables		**(82.8)**	(92.1)
Current tax liabilities		**(20.4)**	(23.2)
Derivative financial liabilities		**(3.3)**	(1.9)
Lease liabilities		**(2.5)**	(3.0)
Provisions for liabilities and charges		**(1.8)**	(6.0)
		(110.8)	(126.2)
Non-current liabilities			
Borrowings		**(117.2)**	(118.4)
Retirement benefit obligations	10	**(51.6)**	(54.7)
Deferred tax liabilities		**(1.9)**	(2.8)
Lease liabilities		**(9.1)**	(10.3)
Other non-current liabilities		**(1.1)**	(1.2)
		(180.9)	(187.4)
Total liabilities		**(291.7)**	(313.6)
Net assets		**2.6**	22.6

Consolidated balance sheet

At 30 March 2024

	Notes	2024 £m	2023 restated * £m
EQUITY			
Share capital		**89.0**	88.8
Share premium account		**42.3**	42.2
Capital redemption reserve		**5.9**	5.9
Hedge reserve		**(1.2)**	0.1
Cumulative translation adjustment		**6.4**	9.2
Other reserve		**(83.8)**	(83.8)
Retained earnings		**(70.2)**	(55.7)
Total (deficit)/equity attributable to shareholders of the Company		**(11.6)**	6.7
Non-controlling interests	13	**14.2**	15.9
Total equity		**2.6**	22.6

*The Group Consolidated Balance Sheet for FY23 has been restated as described in the Basis of preparation (note 2).

Approved by the Board on 24 July 2024.

Clive Vacher
Chief Executive Officer

Dean Moore
Interim Chief Financial Officer

Registered number: 3834125

Consolidated statement of change in equity

for the period ended 30 March 2024

	Attributable to equity shareholders								
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Hedge reserve £m	Cumulative translation adjustment £m	Other reserve £m	Retained Earnings £m	Non-controlling interests £m	Total equity £m
Balance at 26 March 2022	88.8	42.2	5.9	(0.5)	4.2	(31.9)	35.1	18.0	161.8
Loss for the year	–	–	–	–	–	–	(55.9)	(1.3)	(57.2)
Other comprehensive income for the year, net of tax – as reported	–	–	–	0.6	5.0	–	(76.2)	–	(70.6)
Prior year revision	–	–	–	–	–	–	(12.4)	–	(12.4)
Other comprehensive income for the year, net of tax - restated	–	–	–	0.6	5.0	–	(88.6)	–	(83.0)
Total comprehensive income for the year	–	–	–	0.6	5.0	–	(144.5)	(1.3)	(140.2)
Reclassification between reserves	–	–	–	–	–	(51.9)	51.9	–	-
Transactions with owners of the Company recognised directly in equity:									
Employee share scheme:									
- value of services provided	–	–	–	–	–	–	1.9	–	1.9
Tax on income and expenses recognised directly in equity	–	–	–	–	–	–	(0.5)	–	(0.5)
Dividends paid	–	–	–	–	–	–	–	(0.8)	(0.8)
Other – unclaimed dividends	–	–	–	–	–	–	0.4	–	0.4
Balance at 25 March 2023	88.8	42.2	5.9	0.1	9.2	(83.8)	(55.7)	15.9	22.6
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(20.0)**	**0.9**	**(19.1)**
Other comprehensive income for the year, net of tax	**–**	**–**	**–**	**(1.3)**	**(2.8)**	**–**	**4.1**	**0.6**	**0.6**
Total comprehensive income for the year	**–**	**–**	**–**	**(1.3)**	**(2.8)**	**–**	**(15.9)**	**1.5**	**(18.5)**
Transactions with Owners of the Company recognised directly in equity:									
Share Capital issued	**0.2**	**0.1**	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**
Employee share scheme									
- value of service provided	**–**	**–**	**–**	**–**	**–**	**–**	**1.4**	**–**	**1.4**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3.2)**	**(3.2)**
Balance at 30 March 2024	**89.0**	**42.3**	**5.9**	**(1.2)**	**6.4**	**(83.8)**	**(70.2)**	**14.2**	**2.6**

Notes:

Share premium account
This reserve arises from the issuance of shares for consideration in excess of their nominal value.

Capital redemption reserve
This reserve represents the nominal value of shares redeemed by the Company.

Hedge reserve
This reserve records the portion of any gain or loss on hedging instruments that are determined to be effective cash flow hedges. When the hedged transaction occurs, the gain or loss on the hedging instrument is transferred out of equity to the income statement. If a forecast transaction is no longer expected to occur, the gain or loss on the related hedging instrument previously recognised in equity is transferred to the income statement.

Cumulative translation adjustment (CTA)
This reserve records cumulative exchange differences arising from the translation of the financial statements of foreign entities since transition to IFRS. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the income statement. This reserve also records the effect of hedging net investments in foreign operations.

Other reserves
On 1 February 2000, the Company issued and credited as fully paid 191,646,873 ordinary shares of 25p each and paid cash of £103.7m to acquire the issued share capital of De La Rue plc (now De La Rue Holdings Limited), following the approval of a High Court Scheme of Arrangement. In exchange for every 20 ordinary shares in De La Rue plc, shareholders received 17 ordinary shares plus 920p in cash. The other reserve of £83.8m arose as a result of this transaction and is a permanent adjustment to the consolidated financial statements.

On 17 June 2020, the Group announced that it would issue new ordinary shares via a "cash box" structure to raise gross proceeds of £100m, in order to provide the Company and its management with operational and financial flexibility to implement De La Rue's turnaround plan, which was first announced by the Company earlier in the year. The cash box completed on 7 July 2020 and consisted of a firm placing, placing and open offer. The Group issued 90.9m new ordinary shares each with a nominal value of 44 152/175p, at a price of 110p per share (giving gross proceeds of £100m). A "cash box" structure was used in such a way that merger relief was available under Companies Act 2006, section 612 and thus no share premium needed to be recorded and instead an 'other reserve' of £51.9m was recorded, increasing other reserves from a deficit of £83.8m to a deficit of £31.9m. This section applies to shares which are issued to acquire non-equity shares (such as the Preference Shares) issued as part of the same arrangement.

The Group recorded share capital equal to the aggregate nominal value of the ordinary shares issued (£40.8m) and merger reserve equal to the difference between the total proceeds net of costs and share capital. As the cash proceeds received by De La Rue plc where loaned via intercompany account to a subsidiary company to enable a substantial repayment of the RCF, the increase to other reserves of £51.9m was treated as an unrealised profit. In the year ended 25 March 2023, the Group recorded an impairment of the intercompany loan. As a matter of generally accepted accounting practice, a profit previously regarded as unrealised becomes realised when there is a loss recognised on the write-down for depreciation, amortisation, diminution in value or impairment of the related asset. In the year ended 25 March 2023, the £51.9m previously treated as unrealised within Other Reserves was treated as a realised amount which could be considered distributable and was reclassified from "Other Reserves" to "Retained earnings".

Given the reversal of the impairment recorded in relation to intercompany during the year ended 30 March 2024, the £51.9m is now considered to be unrealised.

Consolidated cash flow statement

for the period ended 30 March 2024

	2024 £m	2023 £m
Cash flows from operating activities		
Loss before tax	**(15.4)**	(29.6)
Adjustments for:		
Finance income and expense	**21.2**	9.3
Depreciation of property, plant and equipment	**10.9**	12.5
Depreciation of right-of-use assets	**2.5**	2.2
Amortisation of intangible assets	**5.9**	5.3
Gain on sale of property plant and equipment	**–**	(0.1)
Impairment of property, plant and equipment included within exceptional items	**4.5**	5.4
Impairment of intangible assets included within exceptional items	**–**	4.3
Share based payment expense	**1.4**	1.9
Pension Recovery Plan and administration cost payments[1]	**(1.5)**	(16.5)
(Decrease)/increase in provisions	**(4.2)**	0.1
Non-cash credit loss provision – other financial assets	**(0.2)**	8.5
Non-cash credit loss provision - other	**(0.1)**	(0.3)
Other non-cash movements	**(2.4)**	3.5
Cash generated from operations before working capital	**22.6**	6.5
Changes in working capital:		
Decrease in inventory	**7.6**	0.5
Decrease in trade and other receivables and contract assets	**2.3**	6.0
(Decrease)/increase in trade and other payables and contract liabilities	**(4.0)**	11.8
	5.9	18.3
Cash generated from operating activities	**28.5**	24.8

Notes

[1] The £1.5m (FY23: £16.5m) of pension payments includes £nil (FY23: £15.0m) payable under the Recovery Plan, agreed in May 2020, and a further £1.5m (FY23: £1.5m) relating to payments made by the Group towards the administration costs of running the scheme.

Consolidated cash flow statement

for the period ended 30 March 2024

	2024 £m	2023 £m
Cash generated from operating activities	**28.5**	24.8
Net tax paid	**(2.3)**	(1.0)
Net cash flows from operating activities	**26.2**	23.8
Cash flows from investing activities:		
Purchases of property, plant and equipment - gross	**(12.6)**	(15.2)
Purchases of property, plant and equipment – grants received	**8.5**	4.2
Purchases of property, plant and equipment – net[1]	**(4.1)**	(11.0)
Proceeds from repayment of other financial assets	**0.3**	-
Purchase of software intangibles and development assets capitalised	**(4.6)**	(10.4)
Proceeds from sale of property, plant and equipment	**-**	0.4
Interest received	**0.6**	0.2
Net cash flows from investing activities	**(7.8)**	(20.8)
Net cash flows before financing activities	**18.4**	3.0
Cash flows from financing activities:		
Proceeds from issue of ordinary share capital	**0.3**	-
Net (repayment)/draw down of borrowings	**(4.0)**	27.0
Payment of debt issue costs	**(5.5)**	(0.9)
Lease liability principal payments	**(2.5)**	(2.4)
Interest paid	**(14.1)**	(10.3)
Dividends paid to non-controlling interests	**(3.2)**	(0.8)
Net cash flows from financing activities	**(29.0)**	12.6
Net (decrease)/increase in cash and cash equivalents in the year	**(10.6)**	15.6
Cash and cash equivalents at the beginning of the year	**40.3**	24.3
Exchange rate effects	**(0.4)**	0.4
Cash and cash equivalents at the end of the year	**29.3**	40.3
Cash and cash equivalents consist of:		
Cash at bank and in hand	**21.8**	26.5
Short-term deposits	**7.5**	13.8
	29.3	40.3

Notes:

[1] The net purchases of property, plant and equipment of £4.1m (FY23: £11.0m) includes additions to property, plant and equipment in the year of £4.1m (FY23: £11.2m), down payments and capex creditors cash outflow of £0.5m (FY23: £0.5m) and excludes £0.5m (FY23: £0.7m) of grants not yet received.

1 GENERAL INFORMATION

De La Rue plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. The registered office is located at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

De La Rue plc and its subsidiaries (together "Group") has two principal segments Currency and Authentication. In Currency we design, manufacture and deliver bank notes, polymer substrate and security features around the world. In Authentication, we supply products and services to governments and Brands to assure tax revenues and authenticate goods as genuine. In addition, there is a third segment, Identity Solutions, which includes minimal non-core activities.

The financial statements have been prepared as at 30 March 2024, being the last Saturday in March. The comparatives for the FY23 financial period are for the period ended 25 March 2023.

The consolidated financial statements of the Company for the period ended 30 March 2024 were authorised for issuance by the board of Directors on 24 July 2024.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared on the going concern basis and using the historical cost convention, modified for certain items carried at fair value, as stated in the Group's accounting policies.

The financial information set out above does not constitute the Group's statutory accounts for the periods ended 30 March 2024 or 25 March 2023. Statutory accounts for the periods ended 25 March 2023 have been delivered to the registrar of companies and those for the period ended 30 March 2024 will be delivered in due course.

The auditor has reported on the accounts for the periods ended 30 March 2024 and 25 March 2023. Their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying their report and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The above notwithstanding, the auditor's report on the accounts for the period ended 30 March 2024 contains a material uncertainty in respect of going concern in relation to the ability of the Group to repay its revolving credit facility on 1 July 2025 when it becomes due, given that the timing, probability of completion and terms of a sale of the Authentication division are subject to factors outside of the Board's control.

Refer to the Going Concern Statement below for further details of the Directors' Going Concern Statement.

The consolidated financial statements of the Company for the period ended 30 March 2024 have been prepared in accordance with UK-adopted International Financial Reporting Standards ('IFRS') in accordance with the requirements of the Companies Act 2006. IFRS includes standards issued by the International Accounting Standards Board ('IASB') that are endorsed for use in the UK.

The consolidated financial statements are prepared on a going concern basis under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below in 'Critical accounting estimates, assumptions and judgements'.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below or have been incorporated with the relevant notes to the accounts where appropriate. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Consolidated Statement of Financial Position – Prior Year Revision

In the prior period (FY23), deferred tax assets of £18.3m were incorrectly reported. This had an impact on FY23 only and has no impact on the opening comparatives as at 27 March 2022 or on earlier reported periods.

Deferred tax assets were overstated by £12.4m which relates to the UK Group entities. This was due to an error in the forecast taxable profits used for the purposes of calculating the UK deferred tax assets that could be recognised in accordance with IAS 12 "Income Taxes". Specifically, forecast corporate interest restrictions were incorrectly included within the forecast taxable profits used for deferred tax asset recognition purposes. Under IAS 12, when assessing tax forecasts, taxable amounts that arise from deductible temporary differences that are expected to originate in future periods should be ignored. Even though the corporate interest restrictions are not expected to reverse for the foreseeable future, they are strictly a temporary difference for tax purposes, so they should not have been included in the taxable profits used for the purposes of deferred tax asset recognition.

The adjustment has been disclosed as a restatement to the tax related to remeasurement of net defined benefit pension liability within Other Comprehensive Income as it relates to deferred tax assets arising from the pension deficit balance and tax losses arising from pension deficit contribution payments.

This adjustment concerns the recognition of deferred tax assets and liabilities for accounting purposes only and has no impact on the underlying tax attributes of the Group.

Impact on the Group Consolidated Balance Sheet

	FY23 As reported £m	**Prior year revision £m**	**FY23 restated £m**
Deferred tax asset	18.3	(12.4)	5.9
Deferred tax liabilities	(2.8)	–	(2.8)
Net assets	35.0	(12.4)	22.6
Retained earnings	(43.3)	(12.4)	(55.7)

Impact on the Group Consolidated Statement of Comprehensive Income/(loss) in FY23:

	FY23 As reported £m	**Prior year revision £m**	**FY23 restated £m**
Other comprehensive (expense)/income:			
Tax related to remeasurement of net defined benefit liability	24.2	(12.4)	11.8
Total comprehensive loss for the period	**(127.8)**	**(12.4)**	**(140.2)**

Impact on the Group Consolidated Statement of Changes in Equity in FY23:

	Total equity
	£m
Balance at 26 March 2022	**161.8**
Loss for the year	(57.2)
Other comprehensive loss for the year – as reported	(70.6)
Prior year revision	(12.4)
Other comprehensive loss for the year - restated	(83.0)
Total comprehensive loss for the year	**(140.2)**
Transactions with Owners of the Company recognised directly in equity	
Employee share scheme – value of service provided	1.9
Tax on income and expenses recognised directly in equity	(0.5)
Dividends paid	(0.8)
Other – unclaimed dividends	0.4
Balance at 25 March 2023	**22.6**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below or have been incorporated with the relevant notes to the accounts where appropriate. These policies have been consistently applied to all the periods presented, unless otherwise stated.

CLIMATE CHANGE

In preparing the Consolidated Financial Statements management has considered the impact of climate change and the actions that the Group will take in order to fulfill its sustainability strategy and satisfy its commitment to become carbon neutral from its own operations by 2030. This includes the estimates around future cash flows used in impairment assessments of the carrying value of goodwill and intangible assets in De La Rue Authentication Inc, recoverability of deferred tax assets and the useful economic life of plant and equipment, especially assets which are power-intensive and expected to be replaced.

This is within the context of the disclosures included in Strategic report, including those made in accordance with the recommendation of the Task force on Climate-related Financial Disclosures and the Companies (Strategic report) Climate -related Financial Disclosure Regulations 2022 this year. These considerations did not have a material impact on the financial reporting judgements and estimates.

GOING CONCERN

Overview

In line with IAS 1 "Presentation of financial statements", and the FRC guidance on "risk management, internal control and related financial and business reporting", when assessing the Group's ability and the Company's ability to continue as a going concern, the Directors have taken into account all available information for a period up to 28 September 2025, being the Going Concern period.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's review and CEO review above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review above.

As explained further below, the Board has determined that the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

The Group's Revolving Credit Facility (RCF) expires on 1 July 2025. The cash flow forecasts for the Group indicate that it would not have sufficient liquidity to meet the obligation to repay the RCF in full on or before 1 July 2025. Management has been pursuing various strategic options which would allow the Group to repay the RCF on or before 1 July 2025. The most progressed of those is the sale of the Authentication division. The Board notes that the probability of completion, timing and terms of the sale of the division are subject to factors outside of the Board's control, which may in turn impact the cash proceeds, the costs associated with the transaction and the amounts required to address any pension scheme risk, along with the day one liquidity of the retained operations of the Group. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

Strategic review

As detailed in the trading update released on 30 May 2024, the Directors have been undertaking a review of the core strategic strengths of the Group and how best to optimise the underlying intrinsic value of the business for the benefit of all stakeholders.

This review and analysis has included:

- recognising the improved order intake over the last year, and the future prospects for the Group's operating divisions and the Group as a whole;
- the accretive value creation that may be achieved with increased scale and capabilities in both of the operating divisions; and
- the Directors' commitment to reduce leverage and create greater financial flexibility in the funding structure of the Group as a whole.

This review, and associated learnings, has guided the Board in its process to evaluate strategic options for the group and each division. As a result, the Board is in discussions with a number of parties who have made proposals in relation to, or expressed interest in, the acquisition of each of the Group's divisions.

Since the release of the trading update on 30 May 2024, the discussions with the interested parties have progressed in line with the Board's expectations. The Board is satisfied that, if the discussions relating to the Group's Authentication division conclude in a sale of that division on the terms currently under discussion (and notwithstanding the material uncertainty as detailed above), there would be adequate proceeds from the transaction to fully repay the RCF, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the retained business as a going concern.

Expiration of the RCF

Under the amended facility agreement, signed on 18 December 2023, the Group has access to a RCF of £235m that expires on 1 July 2025, which is within the going concern period.

Over the last year, the Board has been in ongoing dialogue with the banking syndicate providing the RCF. This dialogue has been constructive, and the lenders are supportive of the Board pursuing the strategic options summarised above.

The Directors are confident that further progression of the sale of Authentication will ultimately allow for the full repayment of the RCF prior to its expiration in July 2025. As a result, both the Group and its banking syndicate have agreed not to further extend the RCF beyond its current expiry date at this point in time.

Covenants testing

The RCF allows the drawing down of cash up to the level of £160m and the use of bonds and guarantees up to the level of £75m.

The continued access to these borrowing facilities is subject to quarterly covenant tests which look back over a rolling 12-month period. In addition, there is minimum liquidity testing at each weekend point on a four-week historical basis and 13-week forward looking basis. The Group was in full compliance with its covenants throughout FY24.

During FY24 the covenant terms were:

- EBIT/net interest payable more than or equal to 1.0 times
- Net debt/EBITDA less than or equal to 4.0 times until the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the going concern period.
- Minimum liquidity testing at each week-end point on a four-week historical basis and 13-week forward looking basis. The Minimum liquidity is defined as 'available cash and undrawn RCF greater than or equal to £10m'.

The spread rates on the leverage ratio remain at the following levels:

Leverage (consolidated net debt to EBITDA)	**Margin (% per annum)**
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

In order to determine the appropriate basis of preparation for the financial statements for the period ended 30 March 2024, the Directors must consider whether the Group can continue in operational existence for the going concern review period to 28 September 2025, taking into account the above liquidity headroom and covenant tests.

The terms of the facility agreement also include consideration of future options for the Group and provision of non-financial deliverables. These requirements have been monitored throughout the year and have continued to be achieved to the satisfaction of all parties.

Testing assumptions
The Group has prepared profit and cash flow forecasts which cover a period up to 28 September 2025 (Q2 FY26), being the going concern period. This includes the following quarters: Q2, Q3 and Q4 FY25 and Q1, Q2 FY26 as well as monthly liquidity testing points over the period.

The Directors consider that a period of at least 14 months to 28 September 2025 is an appropriate going concern period given this is the first quarterly covenant test which is greater than 12 months from the opinion date. While the current RCF is due to expire before this date, the Directors are confident that the further progression of the sale of Authentication will provide sufficient liquidity within the going concern period (notwithstanding the material uncertainty as described above).

Base case assumptions
The base case forecasts over the going concern period have been developed taking into consideration the timing and continuation of the Currency recovery that has been materialising in the marketplace with orderbook growth and bid activity showing positive signs of a market rebound. In addition, renewals of key Authentication contracts, combined with annualization of contracts already won and starting to produce in the current financial year, aid confidence in the strategic growth forecasted for that division through the going concern period up to 28 September 2025.

The already enacted and largely completed footprint and restructuring projects have right sized the business for current demand levels. Any ramp up required over the going concern period will be carefully managed in line with pipeline capacity requirements and orders to avoid significant negative fluctuations against base plans.

FY25 results to date indicate the Group is substantially on-track to deliver the FY25 budget from an EBIT and EBITDA perspective, with key orderbook wins secured to deliver the in-year plan.

In Currency, the Group is seeing clear evidence of the expected market recovery. While the overall market remains unpredictable, our conversion rate of bids to orders since the beginning of this financial year supports the base strategic plan numbers. At March 2024, the total order book stood at £239.2m (26 March 2023: £136.8m).

The timing of tenders has been such that several significant orders have been closed recently, which further supports the base case modelling within the going concern period.

The Group's base case modelling (excluding the repayment of the RCF on or before 1 July 2025) shows headroom on all covenant and liquidity thresholds across the going concern period.

Non-financial milestones
Over the going concern period, there are number of non-financial milestones such as the provision of monthly short-term cash flow (STCF) submissions and monthly progress updates.

Management have proactively implemented a bi-monthly 13-week cash flow process with the outturn of this and monthly monitoring reports shared with the relevant stakeholders in line with the amended terms from June 2023. The Directors are confident that all of the non-financial conditions and monthly monitoring will continue to be met over the going concern period.

Downside modelling
Our downside modelling has incorporated the Directors' assessment of events that could occur in a 'severe yet plausible downside' scenario. The risks modelled are directly linked to the Risk Committee 'principal risks' and the Directors note there are no new matters which present additional principal risks. The most significant material risks modelled were as follows:

Risk 3 Macroeconomic and geo-political risk
Authentication new wins and implementations are not achieved in the timescales modelled in the base case.

Cost inflation in the base case is assumed to be 4.5% in the UK, 1.5% in Malta and 10% in Sri Lanka, with no corresponding revenue inflation assumption. Inflationary impacts have already been considered in the FY25 budget, with the Group having sufficient sight of selling prices and costs that no additional inflationary downside is necessary for FY25 and no element of recovery on selling prices has been incorporated into any modelling in FY26.

Supply chain risks are monitored regularly by the Group. Fixed price contracts are in place for utilities until September 2024 (i.e. the end of Q2 FY25) and latest utility estimates had also been reviewed from external brokers which confirmed base utility costs are reducing. No reduction was factored into the base case and with overall inflation pressures already considered above, the downside risk modelled is appropriate.

Risk 10 Banking Facilities
The Group will be paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of 5.25% and the applicable margin. The base case modelling is aligned with the latest forward interest rate curves that indicate a significant reduction in interest rates over the going concern period. The bonding pipeline was also considered and a £5m cash collateral expectation has been factored into the base case from July 2024 to support the strong bid activity around the Group. Under the base case, interest would need to increase by circa £9.7m at the lowest point for a breach to occur in Q2 FY26. Given the forward interest rate curves are suggesting a reduction in interest rates, management have assessed this risk as remote.

Risk 11 Kenya taxation and exit strategy
Cash outflow assumed over and above the base case, which includes acceleration of amounts to finalise in country settlements.

Risk 13 Currency pipeline
Volumes and budget margins are not achieved as forecasted in the going concern period, including revenue contracts not landing and volume reductions against base plan. For FY25, this represents a margin reduction of £6.7m (34%) of our unsecured orderbook margin as of June 2024. For currency pipeline downside risks modelled, margins have been determined using the average margin and/or known unsecured jobs targeted.

As a result of the liquidity testing requirement, the Directors also considered historical monthly working capital swings over the last three years. This analysis also included assessing periods where management's conclusion was that "material uncertainty" existed, specifically between November 2022 and June 2023. Management also analysed weekly cash outflow averages to ensure that adequate considerations have been made to capture 'in quarter' working capital swings that the Group can see given the volatility of working capital in the Currency business in particular. A £15m working capital outflow, excluding non-recurring items, was incorporated on top of the modelled plausible severe downside to apply monthly to liquidity testing. Sufficient liquidity headroom remained.

The Directors noted that working capital and cash management have improved in the business over the course of FY24, resulting in a circa £10m improvement in net debt achieved vs initial FY24 budgeted expectations. The base case and working capital stress modelling have not been updated to reflect these improvements, which means there are additional mitigations with regards to net debt and liquidity that the Company has at its disposal for quarterly testing dates should they be required.

If all of these modelled downside risks were to materialise in the going concern period prior to the maturity of the RCF on 1 July 2025, the Group would still meet its required covenant ratios and maintain sufficient liquidity, after taking into account mitigating actions, such as identified cost saving opportunities which the Directors consider to be within the Group's control, for example the deferral of uncommitted operating expenditure and a reduction in capital expenditure.

The Group's 'severe yet plausible' downside modelling (excluding the repayment of the RCF on or before 1 July 2025) shows headroom on all covenant and liquidity thresholds across the going concern period.

Stress-testing
Under the severe yet plausible downside modelling, EBIT and EBITDA would need to drop in excess of the Group's historic forecasting inaccuracy over the last few years for any breach to occur. For a breach to occur on liquidity, there would need to be a drop from the lowest point in excess of what the Group has experienced over the last three years in terms of recurring cash flow swings. This is taking into account mitigating actions within the Board's control, including the timing of supplier payments and capital expenditure.

The Directors have concluded that a breach is remote on the financial covenants given:

- FY25 results to date indicate the Group is substantially on-track to deliver the FY25 budget from an EBIT and EBITDA perspective.

- Management considers that given the longer-term and consistent nature and renewals of its Authentication contracts, the key revenue and the corresponding EBIT/EBITDA risk is mainly in regard to the Currency division whereby the timing of contract wins and delivery of the current orderbook in line with the strategy has historically impacted performance against forecasts in previous periods. The Currency order book is showing encouraging signs of recovery, with an orderbook increase supported by a continued trend in win rates and the multi-year nature of the orderbook. For FY25, 68% of budgeted revenue had already been secured by June 2024.

- Severe stress testing of liquidity excluded mitigating actions, as noted above, that management could employ and still showed headroom under stress. The Directors consider the liquidity risk to be low given the current trading performance and orderbook profile.

- Additionally, the Group is currently paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of over 5% and the applicable margin. As previously noted, the increase in underlying SONIA rate required to breach covenants is deemed to be remote by the Directors.

- The Directors are comfortable that any non-financial conditions and reporting requirements have been achieved and will be throughout the going concern period.

Additional modelling
In addition to the above, management have performed modelling that assumes the theoretical sale of the Authentication division. This modelling took into account the expected use of funds, which includes full repayment of the RCF, mitigation of any risk to the De La Rue UK defined benefits pension scheme and expected transaction costs. This modelling indicated sufficient cash liquidity, including the expected use of funds, between the theoretical completion date and the end of the going concern period taking into account the required liquidity of the remaining Group through to 28 September 2025, with the Group benefitting from reduced interest costs in particular.

However, management acknowledge that the probability and timing of completion and final agreed terms of any such transaction are subject to factors outside of the Board's control, which could lead to a scenario whereby the Group and Company would have to seek alternative financing to repay the RCF on or before 1 July 2025, or obtain an extension to the RCF from the lenders. Both of these options are outside of the Board's control.

Furthermore, even in the event that the transaction is completed prior to 1 July 2025 and the RCF is repaid, the amount that will be retained by Group is subject to factors outside of the Board's control, having taken into account the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk.

Conclusion
Based on the above, the Board has concluded the following:

1. Both the base case modelling and the severe yet plausible modelling indicate that the Group would generate sufficient positive cash flows to continue operating as a going concern over the 14-month period ending 28 September 2025, excluding the need to repay the RCF on or before 1 July 2025. Similarly, there would be no expected breaches of financial and non-financial covenants (assuming no changes to the existing covenants).

2. Given recent discussions, the Board is confident that further progression of the sale of Authentication will ultimately allow the Group to repay the RCF in full before its expiration on 1 July 2025, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the remaining business as a going concern.

3. Management's base case modelling indicates that the Group would not have sufficient funds or the ability to repay the RCF on or before 1 July 2025 when it becomes due, given that the timing, probability of completion and terms of the sale of the Authentication division are subject to factors outside of the Board's control. The circumstances which would follow non-repayment of the RCF on or before 1 July 2025, including the manner in which the Group's lenders would seek to recover funds, would not be within the control of the Directors. Furthermore, even in the event of a transaction completing, the proceeds that will be retained (and immediately available) in the Group to address its ongoing liquidity requirements following the repayment of the RCF, are subject to factors outside of the Board's control. These include the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025. p

The financial statements do not contain the adjustments that would result if the Group and the Company were unable to continue as a going concern.

New Standards, interpretations and amendments adopted by the Group

Other than as described below, the accounting policies adopted in the preparation of these consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements as at, and for the period ended, 25 March 2023.

As at the reporting date, 30 March 2024, several amendments apply for the first time in FY24 and their impact on these consolidated financial statements of the Group is described below.

For the amendments that become effective for future periods the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The impacts of applying these policies are not considered material.

New standards and amendments effective in the year:

- ***Amendments to IFRS 17 "Insurance Contracts"*** – The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. This is not applicable to the Group.

- ***Amendments to IAS 1 "Presentation of financial statements"*** – Disclosure of material accounting policy information – Amendments to IAS 1 and IFRS Practice Statement 2 – The amendments aim to help entities provide accounting policy disclosures that are more useful by: replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Group has disclosed its material accounting policy information only.

- ***Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"*** – Definition of Accounting Estimates – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- ***Amendments to IAS 12 "Income Taxes"*** – covering temporary differences for deferred tax on the recognition of assets and liabilities from a single transaction. For FY24, this has impacted the deferred tax balances for leases where a tax deduction arises on the payment of lease liabilities rather than on asset deprecation. This has not impacted the opening reserves or the current period tax charge; however the deferred tax asset and liabilities related to leases have now been disclosed separately, including the comparative balances. There is no impact on the net deferred tax asset or liability position on the balance sheet due to the effect of jurisdictional offset.

- ***Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules",*** including mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The Pillar Two legislation is not expected to apply to the Group as the revenue threshold is not expected to be met.

New standards and amendments not yet effective:

- ***Amendments to IAS 1 "Presentation of financial statements"*** – Classification of Liabilities as Current or Non-current - The amendments clarify: what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

- ***Amendments to IFRS 16 "Leases"*** - Lease liabilities in a sale and leaseback – This amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

- ***Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"*** – Supplier Finance Arrangements, subject to UK endorsement - The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Effective for periods commencing after 1 January 2025, all subject to UK endorsement:

- ***Amendments to IAS 21 "The effect of changes in foreign exchange rates"*** – *Lack of exchangeability* – The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

Critical accounting estimates, assumptions and judgements

Management has discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Management is required to exercise significant judgement in the application of these policies. Estimates are made in many areas and the outcome may differ from that calculated.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in "B. Critical accounting estimates" below.

Other accounting estimates that are not considered to have a significant risk of causing a material adjustment with the next financial year but which the Group would like to draw attention to due to judgements or longer-term estimates are set out in "C. Other areas of accounting estimates" below.

A Critical accounting judgements

1. Determination of lease term

Management has made certain judgements on lease terms based on the Group's current expectations of whether break or renewal options will be taken. In arriving at these judgements, management has considered its current business plans including the locations in which it wants to operate in addition to the impact of any cost-out programmes it is considering.

2. Revenue recognition and cut-off

Customer contracts will often include specific terms that impact the timing of revenue recognition. The timing of the transfer of control varies depending on the individual terms of the sales agreement.

For sales of products the transfer usually occurs on loading the goods onto the relevant carrier; however the point at which control passes may be later if the contract includes customer acceptance clauses or control passes on arrival at the customer location. Control will also pass if the customer requests that goods are held in storage until required. Specific consideration is needed at year end to ensure revenue is recorded within the appropriate financial year.

This judgement is particularly important in the Currency division due to the material nature of certain contracts which may ship near to a reporting period end. Management has carefully reviewed material customer contracts with particular focus on those shipping in the last quarter of the financial period to ensure revenue has been recorded in the correct year.

3. Revenue recognition and determination of whether an enforceable right to payment exists

For certain customer contracts, revenue is recognised over time in accordance with IFRS 15, as the Group has an enforceable right to payment.

Determination of whether the Group had an enforceable right to payment requires careful analysis of the legal terms and conditions included within the customer contract and consideration of applicable laws and customary legal practice in the territory under which contract is enforceable.

External legal advice is obtained if considered necessary to allow management to make this assessment. Management has carefully reviewed material contracts relating to revenue recognised in the period to determine if an enforceable right to payment exists which results in revenue being recorded 'over-time' rather than 'point in time'.

In FY24 the Group has had customer contracts where revenue is recognised 'over-time' in the Currency and Authentication divisions.

4. Classification of exceptional items

The Directors consider items of income and expenditure which are material by size and/or by nature and not representative of normal business activities should be disclosed separately in the financial statements so as to help provide an indication of the Group's underlying business performance. The Directors label these items collectively as 'exceptional items'. Determining which transactions are to be considered exceptional in nature is often a subjective matter.

However, circumstances that the Directors believe would give rise to exceptional items for separate disclosure would include: gains or losses on the disposal of businesses, curtailments on defined benefit pension arrangements or changes to the pension scheme liability which are considered to be of a permanent nature and non-recurring fees relating to the management of historical scheme issues; restructuring of businesses; asset impairments and costs associated with the acquisition and integration of business combinations.

All exceptional items are included in the appropriate income statement category to which they relate. Refer to note 5 for further details.

5. Accounting for the extension of the factory site in Malta

On 9 September 2021 the Group signed an Agreement with Malta Enterprise ("ME") where ME finances the construction, civil works and machinery and equipment installations to be carried out at the premises located in Malta. The premises included land, the demolition of an existing building and a rebuild to the Group's specifications. On 14 September 2021 the Company signed a lease for the premises for an initial term of 20 years. The Group is managing the construction of the new buildings for the lessor to the pre-agreed specifications.

Management has made a judgement as to whether the Company has control of the site during the construction period. If the Group has the right to control the use of the identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. It was determined that control exists only after the build is completed and site becomes available for use.

As per the agreement, there are three separate units with different start-up dates. Therefore, the lease will be recognised as these units become available for use. The lease costs will be allocated to the division to which they relate, based on area. However, if the cost relates to the total site, then it is divided based on the percentage split of the area, with 27% of the total sqm occupied by Authentication and 73% by Currency.

The first block is currently scheduled to be completed in H1 25. Therefore, management has concluded that no lease should be recognised in FY24. The lease will be recognised when the building becomes available for use.

Please refer to note 14 for the related future capital commitments.

6. Accounting for the change in the terms of the banking facilities

a. 29 June 2023 amendments

On 29 June 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents.

A quantitative assessment was carried out where the updated terms are considered to have been substantially modified where the net present value of the cash flows under the updated terms, including any fees paid and discounted using the original Effective Interest rate ("EIR") differs by at least 10% from the present value of the remaining cash flows under the original terms. Based on the procedure performed there was a net impact of 4.64%. Therefore, there is no substantial modification on a quantitative basis.

A qualitative review was also undertaken where all the key changes in the updated facility were assessed. Excluding those that had quantitative impacts, the other changes related to covenants. The changes to the covenant tests are not considered substantial as they are amending previously agreed limits with the exception of the minimum liquidity testing, which is a new test. The minimum liquidity test is not considered to be substantial.

The change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss.

b. 18 December 2023 amendments

On 18 December 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents.

A quantitative assessment was carried out where the updated terms are considered to have been substantially modified where the net present value of the cash flows under the updated terms, including any fees paid and discounted using the original Effective Interest rate ("EIR") differs by at least 10% from the present value of the remaining cash flows under the original terms. Based on the procedure performed there was a net impact of 1.45%. Therefore, there is no substantial modification on a quantitative basis.

A qualitative review was also undertaken where all the key changes in the updated facility were assessed. Excluding, those that had quantitative impacts, the other changes related to covenants. The changes to the covenant tests are not considered substantial as they are amending previously agreed limits with the exception of the minimum liquidity testing, which is a new test. The minimum liquidity test is not considered to be substantial.

The change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss.

The net loss on debt modification was £5.6m, including a loss on the debt modification in June 2023 of £4.8m and a loss on the debt modification in December 2023 of £0.8m.

B Critical accounting estimates

1. Recoverability of other financial assets

In FY23, management assessed the recoverability of the carrying value of securities interests held in the Portals International Limited group on the balance sheet and recorded an expected credit loss provision in relation to the original principal value and interest receivable which was recorded in exceptional items in FY23 consistent with the original recognition as part of the loss on disposal (note 5).

Management carefully assessed the recoverability of the other financial assets on the balance sheet as at 25 March 2023 based on information available to them and performed probability weighted modelling against three scenarios determining that an expected credit loss provision of £8.5m was required which fully impaired these other financial assets. Management has considered the following factors in making this determination:

1) The public announcement from the Portals group relating to the wind down of the Overton paper mill and its sale of assets.
2) The latest available financial position of Portals International Limited group as presented in its 2022 consolidated financial statements including significant losses for the period and a net liabilities position.
3) The announcement of the sale of the Fedrigoni business to IN Groupe in May 2023.

This provision accounts for the risk that the full amounts due will not be recovered rather than the instruments being credit impaired. Management noted that if factors change again in the future, this may alter the judgements made resulting in a revision to the value of expected credit loss provision to be recognised.

During FY24, £0.3m was received to settle some of these other financial assets. This was unexpected and no further amounts were expected as at 30 March 2024. However, a further £0.2m was received, again unexpectedly, in June 2024 in settlement of some of these other financial assets. The £0.5m credit has been reflected in exceptional items in FY24 (note 5). After a further review, management has concluded that there has been no change in this assessment of the remaining other financial assets in FY24.

The amount presented on the balance sheet within other financial assets as at 30 March 2024 of £nil (25 March 2023: £nil) included the original principal received and accrued interest amounts, fully offset by the expected credit loss provision.

2. Post-retirement benefit obligations

Pension costs within the income statement and the pension obligations/assets as stated in the balance sheet are both dependent upon a number of assumptions chosen by management with advice from professional actuaries. These include the rate used to discount future liabilities, the expected longevity for current and future pensioners and estimates of future rates of inflation. The discount rate is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

The Group engages the services of professional actuaries to assist with calculating the pension liability (note 10).

3. Tax

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for those taxes. The level of current and deferred tax recognised is dependent on subjective judgements as to the outcome of decisions to be made by the tax authorities in the various tax jurisdictions around the world in which the Group operates.

It is necessary to consider which deferred tax assets should be recognised based on an assessment of the extent to which they are regarded as recoverable, which involves assessment of the future trading prospects of individual statutory entities, the nature and level of any deferred tax liabilities from other items in the accounts such as pension positions, and overseas tax credits that are carried forward for utilisation in future periods, including some that have been allocated to Governmental authorities as part of investment projects.

The actual outcome may vary from that anticipated. Where the final tax outcomes differ from the amounts initially recorded, there will be impacts upon income tax and deferred tax provisions and on the income statement in the period in which such determination is made.

The Group has current tax provisions recorded within current tax liabilities, in respect of uncertain tax positions. In accordance with IFRIC 23, tax provisions are recognised for uncertain tax positions where it is considered probable that the

position in the filed tax return will not be sustained and there will be a future outflow of funds to a taxing authority. Tax provisions are measured either based on the most likely amount (the single most likely amount in a range of possible outcomes) or the expected value (the sum of the probability-weighted amounts in a range of possible outcomes) depending on management's judgement on how the uncertainty may be resolved.

The Group is disputing tax assessments received in certain countries in which the Group operates. These tax assessments have been subject to court ruling both in favour of the Group and also against the Group. The rulings are subject to ongoing appeal processes. The Group has increased the relevant tax provisions and is fully provided where necessary as required by the relevant accounting standards. The disputed tax assessments are subject to ongoing dialogue with the relevant tax authorities to reach a settlement without the requirement to continue in a protracted legal process.

C Other areas of accounting estimates

1. Impairment test of Goodwill and acquired Intangibles

Goodwill relates to the acquisition in FY17 of De La Rue Authentication Inc. (previously DuPont Authentication Inc). The goodwill has been tested for impairment during the year as IAS 36 "Impairment of Assets" requires annual testing for assets with an indefinite life. For the purposes of impairment testing the Cash Generating Unit ("CGU") for the goodwill has been determined as the De La Rue Authentication entity as a whole. This is consistent with the fact that the entity is not fully integrated into the Group and the integrated nature of the Intellectual Property and other assets which collectively generate cash flows.

The FY24 impairment test calculated the recoverable amount using the fair value less costs to sell approach as it was considered to provide a higher amount than the value in approach. Fair value less costs to sell is the arm's length sale price between knowledgeable willing parties less costs of disposal. Fair value represents Level 3 in the FV hierarchy.

The fair value less costs to sell of the CGU was derived from recent expressions of interest for the Group's Authentication division. These expressions of interest were received from third parties and are considered to be at arm's length. For further information on these expressions of interest, refer to the going concern disclosures within the accounting policies section of these financial statements.

To determine the implied CGU valuation from the divisional valuation, management analysed the contribution of the CGU to total Authentication revenues, EBITDA and Adjusted operating profit in both FY24 (actual) and FY25 (budgeted).

The recoverable amount at the testing date was significantly in excess of the carrying value at 30 March 2024.

The key assumptions supporting the recoverable amount include the valuation of the Authentication division as a whole, along with the budgeted revenue, EBITDA and Adjusted operating profit contributions of the CGU (expressed as a percentage of the total). There are no reasonable possible changes in these key assumptions that would cause the recoverable amount to fall below the carrying amount of the CGU.

A decrease in the fair value of the CGU of 5% would result in a reduction in the headroom of 11% and would not result in an impairment.

2. Recoverability assessment and impairment charges related to plant and machinery, capitalised product development costs and assets under construction

Kenya operations

In January 2023, the Group announced that owing to current market demand, and no expectation of new banknote orders from the Central Bank of Kenya for at least the next 12 months, De La Rue Kenya (a joint venture with the Government of Kenya) has suspended banknote printing operations in the country. In addition, operations in our Authentication division were also wound down and suspended at the start of FY24. As a result of the review of the business in Kenya in FY23 an exceptional charge of FY23: £12.6m was made including redundancy charges of £5.5m, property, plant and equipment asset impairments of £4.9m, inventory impairments of £2.0m and other costs of £0.2m. There is not expected to be any recoverable value relating to these assets.

Property, plant and equipment and assets under construction impairments

In FY24 impairment charges of £3.4m were made in relation to plant and machinery and £1.1m in relation to assets in the course of construction. A review was carried out of assets held by the Currency division and as a result £4.5m of assets were identified for impairment, mostly relating to assets that were originally to be utilised in another location where there is no longer the demand.

The above have been included within exceptional items (note 5).

3. Onerous contract provisions

The financial statements also included a small number of onerous contract provisions for loss making contracts. Management has assessed these and applied judgement in determining the required level of provisioning including how, in accordance with IAS 37, the lowest unavoidable costs of exiting or fulfilling the contract have been calculated.

4. Estimation of provisions

The Group holds a number of provisions relating to warranties for defective products and contract penalties. Management has assessed these and applied judgement in determining the value of provisions required.

3. SEGMENTAL ANALYSIS

The continuing operations of the Group have two main operating units: Currency and Authentication.

In the prior period, FY23, there were three main operating units being Currency, Authentication and Identity Solutions. In FY23, Identity Solutions included minimal non-core activities and primarily related to sales under a service agreement with HID Corporation Limited following the sale of the International Identity Solutions business in October 2019. In FY24 these had ceased and will no longer be presented in future periods, resulting in comparative data only being presented.

The Board, which is the Group's Chief Operating Decision Maker, monitors the performance of the Group at this level and there are therefore two reportable segments. The principal financial information reviewed by the Board is revenue, adjusted operating profit and assets and liabilities.

The Group's segments are:

Currency – provides Banknote print, Polymer and Security features.

Authentication – provides the physical and digital solutions to authenticate products through the supply chain and to provide tracking of excisable goods to support compliance with government regulators. Working across the commercial and government sectors the division addresses consumer and Brand owner demand for protection against counterfeit goods.

Inter-segmental transactions are eliminated upon consolidation. There is no history of seasonality or cyclability of operations.

FY24	Currency £m	Authentication £m	Identity Solutions £m	Unallocated £m	Total of Continuing operations £m
Total revenue from contracts with customers	207.1	103.2	-	-	310.3
Less: inter-segment revenue	-	-	-	-	-
Revenue from contracts with customers	207.1	103.2	-	-	310.3
Cost of sales	(160.5)	(63.9)	-	-	(224.4)
Gross profit	46.6	39.3	-	-	85.9
Adjusted operating expenses	(40.9)	(24.7)	-	-	(65.6)
Other operating income	0.7	-	-	-	0.7
Adjusted operating profit	6.4	14.6	-	-	21.0
Adjusted items:					
Amortisation of acquired intangible assets	-	(1.0)	-	-	(1.0)
Net exceptionals	(7.4)	(0.7)	-	(6.1)	(14.2)
Operating (loss)/profit	(1.0)	12.9	-	(6.1)	5.8
Interest income	-	-	-	0.5	0.5
Interest expense	(0.7)	-	-	(18.5)	(19.2)
Net retirement benefit obligation finance income	-	-	-	(2.5)	(2.5)
Net finance expense	(0.7)	-	-	(20.5)	(21.2)
(Loss)/profit before taxation	(1.7)	12.9	-	(26.6)	(15.4)
Capital expenditure on property, plant and equipment (excluding grants received)	(7.8)	(4.4)	-	(0.4)	(12.6)
Capital expenditure on intangible assets	(1.2)	(3.3)		(0.1)	(4.6)
Impairment of property, plant and equipment	(4.5)	-	-	-	(4.5)
Depreciation of property, plant and equipment and right-of-use assets	(9.8)	(2.7)	-	(0.9)	(13.4)
Amortisation of intangible assets	(1.2)	(4.6)		(0.1)	(5.9)

FY23	Currency £m	Authentication £m	Identity Solutions £m	Unallocated £m	Total of Continuing operations £m
Total revenue from contracts with customers	254.6	91.7	3.4	–	349.7
Less: inter-segment revenue	–	–	–	–	–
Revenue from contracts with customers	254.6	91.7	3.4	–	349.7
Cost of sales	(196.4)	(57.7)	(3.5)	–	(257.6)
Gross profit/(loss)	58.2	34.0	(0.1)	–	92.1
Adjusted operating expenses	(44.6)	(19.7)	–	–	(64.3)
Adjusted operating profit/(loss)	13.6	14.3	(0.1)	–	27.8
Adjusted items:					
– Amortisation of acquired intangible assets	–	(1.0)	–	–	(1.0)
– Net exceptionals	(38.4)	(7.9)	(0.1)	(0.7)	(47.1)
Operating (loss)/profit	(24.8)	5.4	(0.2)	(0.7)	(20.3)
Interest income	1.0	–	0.1	0.1	1.2
Interest expense	(0.9)	(0.1)	–	(10.6)	(11.6)
Net retirement benefit obligation finance expense	–	–	–	1.1	1.1
Net finance income/(expense)	0.1	(0.1)	0.1	(9.4)	(9.3)
(Loss)/profit before taxation	(24.7)	5.3	(0.1)	(10.1)	(29.6)
Capital expenditure on property, plant and equipment (excluding grants received)	(7.9)	(7.1)	–	(0.2)	(15.2)
Capital expenditure on intangible assets	(2.9)	(7.4)	–	(0.1)	(10.4)
Impairment of property, plant and equipment	(3.9)	(1.5)	–	–	(5.4)
Impairment of intangible assets	(1.4)	(2.9)	–	–	(4.3)
Depreciation of property, plant and equipment and right-of-use assets	(11.1)	(2.6)	–	(1.0)	(14.7)
Amortisation of intangible assets	(1.3)	(3.4)	–	(0.6)	(5.3)

	Currency £m	**Authentication £m**	**Identity Solutions £m**	**Unallocated £m**	**Total of Continuing operations £m**
FY24					
Segmental assets	**155.3**	**83.3**	**-**	**55.7**	**294.3**
Segmental liabilities	**(70.0)**	**(15.0)**	**-**	**(206.7)**	**(291.7)**
FY23					
Segmental assets (restated)*	169.9	68.5	15.8	82.0	336.2
Segmental liabilities	(70.4)	(14.0)	(4.5)	(224.7)	(313.6)

*Segmental assets and liabilities in FY23 have restated as a result of a reassessment of the unallocated assets.

Unallocated assets principally comprise deferred tax assets of £0.1m (FY23: £5.9m), cash and cash equivalents of £29.3m (FY23: £40.3m), derivative financial instrument assets of £0.7m (FY23: £2.4m), centrally managed property, plant and equipment of £17.5m (FY23: £9.0m), and centrally managed right-of-use assets of £3.1m (FY23: £2.7m), as well as current tax assets, and amounts due from associates.

Unallocated liabilities principally comprise retirement benefit obligations of £51.6m (FY23: £54.7m), borrowings of £117.2m (FY23: £118.4m), current tax liabilities of £20.4m (FY23: £23.2m), derivative financial instrument liabilities of £3.3m (FY23: £1.9m), lease liabilities of £3.9m (FY23: £3.4m) as well as deferred tax liabilities and centrally held accruals and provisions.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Timing of revenue recognition across the Group's revenue from contracts with customers is as follows:

FY24	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Total of Continuing operations £m**
Timing of revenue recognition:				
Point in time	**180.9**	**92.0**	**-**	**272.9**
Over time	**26.2**	**11.2**	**-**	**37.4**
Total revenue from contracts with customers	**207.1**	**103.2**	**-**	**310.3**

FY23	Currency £m	Authentication £m	Identity Solutions £m	Total of Continuing operations £m
Timing of revenue recognition:				
Point in time	217.6	78.3	3.4	299.3
Over time	37.0	13.4	-	50.4
Total revenue from contracts with customers	254.6	91.7	3.4	349.7

Revenue by customer type

	2024 £m	2023 £m
Government contracts	**251.8**	288.3
Corporate contracts	**58.5**	61.4
	310.3	349.7

Geographic analysis of revenue by destination

	2024 £m	2023 £m
Middle East and Africa	**137.1**	145.4
Asia	**39.2**	39.3
UK	**21.1**	55.7
The Americas	**25.1**	24.8
Rest of Europe	**52.7**	71.2
Rest of world	**35.1**	13.3
	310.3	349.7

Contract balances

The contract balances arising from contracts with customers are as follows:

	2024 £m	2023 £m
Trade receivables	**39.6**	42.3
Provision for impairment	**(0.6)**	(0.6)
Net trade receivables	**39.0**	41.7
Contract assets	**16.7**	18.9
Contract liabilities	**(0.2)**	(0.3)
Payments received on account	**(23.1)**	(22.7)

Trade receivables have decreased to £39.6m in FY24 (FY23: £42.3m) reflecting timing of payments on certain material customer contracts.

Contract assets have decreased to £16.7m in FY24 (FY23: £18.9m) reflecting the timing of the revenue recognition under IFRS 15 “Revenue recognition”. The Group applies the simplified approach when measuring the contract assets’ expected credit losses. The approach uses a lifetime expected credit loss allowance. The expected credit losses are reviewed annually and the credit loss relating to contract assets is not significant.

Costs to obtain contracts of £nil (FY23: £nil) have been capitalised in the year where the contract has yet to be won.

Set out below is the amount of revenue recognised from:

	2024 £m	2023 £m
Amounts included in contract liabilities at the beginning of the year	**0.3**	–
Performance obligations satisfied in previous years	**–**	–

Payments on account

	2024 £m	2023 £m
Balance at the start of the year	**22.7**	14.3
Additions	**42.8**	21.7
Revenue recognised	**(42.4)**	(13.3)
Balance at the end of the year	**23.1**	22.7

Performance obligations
The following table shows the transaction price allocated to remaining performance obligations for contracts with original expected duration of more than one year. The Group has decided to take the practical expedient provided in IFRS 15.121 not to disclose the amount of the remaining performance obligations for contracts with original expected duration of less than one year.

	2024 £m	2023 £m
Within 1 year	**12.0**	12.4
Between 2 – 5 years	**3.0**	15.5
5 years and beyond	**–**	–
	15.0	27.9

5. EXCEPTIONAL ITEMS

	2024 £m	Cash £m	Non-cash £m	2023 £m	Cash £m	Non-cash £m
Termination of Relationship Agreement with Portals Paper Limited	–	–	–	17.0	9.3	7.7
Site relocations and restructuring costs	**9.0**	**4.3**	**4.7**	21.1	7.6	13.5
Pension underpin costs	**0.3**	**0.3**	**–**	0.5	0.5	–
Costs associated with pension deferment and banking refinancing	**5.4**	**5.1**	**0.3**	–	–	–
	14.7	**9.7**	**5.0**	38.6	17.4	21.2
(Reversal)/recognition of expected credit loss provision on other financial assets	**(0.5)**	**(0.3)**	**(0.2)**	8.5	–	8.5
Total exceptional items	**14.2**	**9.4**	**4.8**	47.1	17.4	29.7
Tax (credit)/ charge on exceptional items	**(5.2)**			5.1		
Net exceptionals	**9.0**			52.2		

In FY24, £9.4m (FY23: £17.4m) of the reported exceptional items were settled in cash. An additional £9.2m was settled in cash in relation to prior year exceptional items, with £7.5m relating to the termination of the Relationship Agreement with Portals Paper Limited and £1.7m relating to restructuring costs. In aggregate, £18.6m was settled in cash in FY24 relating to exceptional items.

Termination of Relationship Agreement with Portals Paper Limited
On the 26 July 2022, the Group reached a settlement to terminate its long-term supply agreement with Portals Paper Limited ("Portals"), related to the supply of banknote, proofing and security paper (the "Relationship Agreement" or "RA"). As a result of this termination £17.0m was recorded as an exceptional item in FY23, being the agreed settlement together with associated legal costs. The final payment under the RA of £7.5m was made in April 2023.

Site relocation and restructuring costs
Site relocation and restructuring costs in FY24 of £9.0m (FY23: £21.1m) included the following:

- A £4.1m (FY23: £2.5m) charge for redundancy and legal fees were made in relation to restructuring initiatives in both the Currency £2.8m (FY23: £1.2m), Authentication £0.8m (FY23: £1.3m) divisions and Central enabling functions £0.5m (FY23: £nil) in order to right-size the divisions for future operations. Since these programmes commenced, £6.6m of costs have been incurred in relation to this. No further costs are expected in relation to these initiatives in FY25.

- In FY24, impairment charges of £3.4m were made in relation to plant and machinery and £1.1m in assets in the course of construction (FY23: £nil). A review was carried out of assets held by the Currency division and as a result £4.5m of assets were identified for impairment, mostly relating to assets that were originally to be utilised in another location where there is no longer the demand. In addition, £0.2m of costs were incurred in relation to these assets in preparation for their anticipated move.

- In FY23, the Group announced that owing to current market demand, and no expectation of new bank note orders from the Central Bank of Kenya for at least the next 12 months, De La Rue Kenya (a subsidiary with a material non-controlling interest held by the Government of Kenya) has suspended banknote printing operations in the country. In addition, operations in our Authentication division were wound down in the year. As a result of the mothballing of operations in Kenya an exceptional charge of £nil (FY23: £12.6m) was made in FY24 including redundancy charges of £0.1m (FY23: £5.5m), property, plant and equipment asset impairments of £nil (FY23: £4.9m), and other costs of £nil (FY23: £0.2m), offset by £0.1m of proceeds from the sale of previously impaired inventory (FY23: £2.0m impairment). Since this programme commenced, £12.6m of costs have been incurred in relation to this. No further costs are expected in relation to this project in FY25.

- The recognition of £0.2m (FY23: £1.1m) of restructuring charges related to the cessation of banknote production at our Gateshead facility primarily relating to the costs, net of grant income received of £0.1m, of relocating assets to different Group manufacturing locations. Since this programme commenced, £10.0m of costs have been incurred in relation to this. This relocation of assets is expected to be completed in FY25 as the Group continues its expansion

of the manufacturing facilities in Malta (net of grants received) and the Group works towards exiting from the Gateshead facility; and

- In FY24, impairment charges of £nil (FY24: £4.3m) were made in relation to capitalised product development costs and software assets. In FY23, a review was carried out as part of the Authentication business right-sizing programme of ongoing development projects. With the resulting restructuring initiatives, the Group no longer had the technical and financial ability to complete two programmes. As a result, in FY23, work on the two programmes was terminated and the technology mothballed with the associated capitalised costs impaired (£2.9m). A further £1.4m of software assets relating to the Currency business were impaired in FY23 as future revenue relating to these assets were minimal. No such costs were incurred in FY24.

- In FY23, £0.6m of charges relating to other cost out initiatives including the initial Turnaround Plan restructuring of our central enabling functions, selling and commercial functions. Since this programme commenced, £3.4m of costs have been incurred in relation to this. No further costs were incurred in FY24.

Pension underpin costs
Pension underpin costs of £0.3m (FY23: £0.5m) relate to legal fees, net of amounts recovered, incurred in the rectification of certain discrepancies identified in the Scheme's rules. The Directors do not consider this to have an impact on the UK defined benefit pension liability at the current time, but they continue to assess this.

Costs associated with pension payment deferment and banking refinancing
Costs associated with pension payment deferment and the banking refinancing amounted to £5.4m (FY23: £nil) in the period. This included legal and professional advisor fees.

Pension payment deferment
The Company has not paid any deficit reduction contributions to the Main Scheme over the period to 30 March 2024.

On 3 April 2023, the Company and the Trustee agreed to defer the deficit reduction contribution due under the previous Recovery Plan, payable on 5 April 2023, to 26 May 2023. Subsequently, on 25 May 2023 the Company and the Trustee agreed to defer the deficit contribution due on 26 May 2023 to 5 July 2023. In June 2023, the Company and the Trustee agreed to defer all the deficit reduction contributions due to recommence from 5 April 2024 and a new Recovery Plan has been agreed between the Company and the Trustee. The legal and professional advisor costs associated with this pension payment deferment were £1.3m.

An actuarial valuation of the Scheme has been undertaken as at 30 September 2023. This was required by the Trustee to support the Company's renegotiation of the funding arrangements. This was not a normal cycle valuation and therefore the costs associated with this have been recorded as exceptional items due to their nature and size.

The new valuation showed a Scheme deficit of £78m. As a result of this new valuation, on 18 December 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as previously agreed will be retained, with the only payment being £2.5m due on a repayment event such as either on the repayment of the RCF or when the RCF is wholly refinances or the end of the current RCF facility in July 2025. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum. The costs associated with the new funding payment arrangements have been recorded as exceptional items due to their nature and size. The legal and professional advisor costs associated with this pension payment deferment were £1.3m.

Banking refinancing
On the 29 June 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents, including changes to covenants. These documents are an amendment and restatement agreement with the various lenders and the banks' agents and security agent, a debenture between the Company, certain other Group companies and the banks' security agent and inter-creditor agreement between the creditors. As a result of these changes, the facilities are secured against material assets and shares within the Group. The legal and professional costs associated with this in the period was £1.7m.

On 18 December 2023, the Group entered into a new agreement with its banking syndicate to extend its banking facilities to July 2025. From this date the Group will have Bank facilities of £235m including an RCF cash drawn component of up to

£160m (a reduction of £15m) and bond and guarantee facilities of a maximum of £75m. The covenant tests will continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee is due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024. The legal and professional costs associated with this in the period was £1.1m.

(Reversal)/recognition of expected credit loss provision on other financial assets
Other financial assets comprise securities interests held in the Portals International Limited group which were received as part of the consideration for the paper disposal in 2018. In accordance with IFRS 9, management assessed the recoverability of the carrying value on the balance sheet and recorded an expected credit loss provision in relation to the original principal value and interest receivable. This was recorded in exceptional items in FY23, consistent with the original recognition as part of the loss on disposal. The amount presented on the balance sheet within other financial assets as at 30 March 2024 of £nil (25 March 2023: £nil) included the original principal received and accrued interest amounts, fully offset by the expected credit loss provision.

During FY24, the Group recognised a credit of £0.5m in relation to a reversal of the expected credit loss provision relating to other financial assets (FY23: £8.5m credit loss provision recognised).

On 21 July 2023, the Company received notice that Portals International Limited were to repay an amount of £290,266 (which comprised the principal amount of £227,280 and accrued interest of £62,986) on 1 August 2023. This was part of the £899,138 loan notes issued by Portals in November 2021. This was unexpected. A credit of £0.3m was recognised in exceptionals relating to this.

On 19 June 2024, the Company received notice that Portals International Limited were to repay an amount of £104,245 (which comprised the principal amount of £85,801 and accrued interest of £18,144) on 24 June 2024. This was part of the £899,138 loan notes issued by Portals in November 2021. This was unexpected. A credit of £0.1m was recognised in exceptionals as this is an adjusting post balance sheet event under IAS 10 "Events after the reporting period".

On 19 June 2024, the Company also received notice that Portals Finance Limited were to repay an amount of £147,887 (which comprised the principal amount of £81,537 and accrued interest of £66,350) on 24 June 2024. This was part of the £32,000,000 loan notes issued by Portals in March 2018. This was unexpected. A credit of £0.1m was recognised in exceptionals as this is an adjusting post balance sheet event under IAS 10 "Events after the reporting period".

Taxation relating to exceptional items
The overall tax credit relating to continuing exceptional items arising in the period was £5.2m (FY23: tax charge £5.1m), and relates to the following items:

- £2.3m credit for the release of uncertain tax positions related to the expiry of an indemnity period in May 2023, following the Cash Processing Solutions Limited business sale in May 2016.
- £0.2m credit for the release of other uncertain tax positions no longer considered necessary.
- £0.5m charge for the portion of the UK corporate interest restriction which has arisen as a consequence of the exceptional costs.
- £3.2m credit for the tax relief on exceptional costs before tax, at broadly 25%.

Included in the exceptional tax items in FY23 is a deferred tax charge of £4.0m relating to the derecognition of a deferred tax asset in relation to restricted UK tax interest amounts that under IAS12 had to be recognised in prior years even though the amounts are not expected to be fully utilised for the foreseeable future. The asset was originally recognised because the defined benefit pension was in a surplus position which led to a deferred tax liability relating to pensions in the UK, and under IAS any potential deferred tax assets must be recognised against this deferred tax liability.

During FY23, the pension moved from a surplus to a deficit position, which meant that the deferred tax asset on the UK restricted UK tax interest amounts is no longer required to be recognised. As the majority of the deferred tax in relation to the pension movements is recognised directly in the Statement of Comprehensive Income, to recognise movements in the recognition and derecognition of this asset as an operating item would distort the Operating Effective Tax Rate and therefore considered to be unhelpful for users of the accounts. This movement and any future creation or unwind of this asset is therefore considered to be an Exceptional item for financial reporting purposes where possible.

The FY23 exceptional items also includes a tax charge in respect of additional expected utilisation of tax credits in Malta of £6.1m, as they are expected to be surrendered for capital grants against future capital expenditure in Malta.

6. TAXATION

	2024 £m	2023 £m
Current tax		
UK corporation tax:		
Current tax	**0.7**	11.9
- Adjustment in respect of prior years	**0.3**	0.1
	1.0	12.0
Overseas tax charges:		
Current year	**(0.8)**	2.1
Adjustment in respect of prior years	**(0.2)**	(0.3)
	(1.0)	1.8
Total current income tax charge	**-**	13.8
Deferred tax:		
Origination and reversal of temporary differences, UK	**4.2**	7.4
Origination and reversal of temporary differences, overseas	**(0.5)**	6.4
Total deferred tax charge	**3.7**	13.8
Total income tax charge in the consolidated income statement	**3.7**	27.6

	2024 £m	2023 £m
Tax on continuing operations attributable to:		
Ordinary activities	**9.2**	22.8
Amortisation of acquired intangible assets	**(0.3)**	(0.3)
Exceptional items	**(5.2)**	5.1
	3.7	27.6

	2024 £m	2023 restated * £m
Consolidated statement of comprehensive income:		
On remeasurement of net defined benefit liability	**1.3**	(11.8)
On cash flow hedges	**-**	0.1
On foreign exchange on quasi-equity balances	**-**	0.1
Income tax charge/(credit) reported within other comprehensive income	**1.3**	(11.6)
Consolidated statement of changes in equity:		
Deferred tax on share options	**-**	0.5
Income tax charge reported within equity	**-**	0.5

*The Group Consolidated Statement of Comprehensive Income for FY23 has been restated as described in the Basis of preparation (note 2).

The tax on the Group's consolidated loss before tax differs from the UK tax rate of 25% as follows:

	2024				2023			
	Before exceptional items £m	**Movement on acquired intangibles £m**	**Exceptional items £m**	**Total £m**	Before exceptional items £m	Movement on acquired intangibles £m	Exceptional items £m	Total £m
(Loss)/ profit before tax	**(0.2)**	**(1.0)**	**(14.2)**	**(15.4)**	18.5	(1.0)	(47.1)	(29.6)
Tax calculated at UK tax rate of 25% (FY23: 19.0%)	**(0.1)**	**(0.3)**	**(3.5)**	**(3.9)**	3.5	(0.2)	(8.9)	(5.6)
Effects of overseas taxation	**0.7**	**-**	**-**	**0.7**	1.1	(0.1)	1.2	2.2
Charges/(credits) not allowable/taxable for tax purposes	**(1.5)**	**-**	**-**	**(1.5)**	0.5	-	1.7	2.2
Changes in uncertain tax provisions	**(1.3)**	**-**	**(2.5)**	**(3.8)**	8.5	-	-	8.5
Movement in unrecognised deferred tax assets	**11.6**	**-**	**0.6**	**12.2**	7.9	-	4.0	11.9
Utilisation of tax credits previously recognised for deferred tax	**-**	**-**	**-**	**-**	-	-	6.1	6.1
Adjustments in respect of prior years	**(0.2)**	**-**	**0.2**	**-**	(0.5)	-	-	(0.5)
Impact of UK tax rate change on deferred tax balances	**-**	**-**	**-**	**-**	1.8	-	1.0	2.8
Tax charge/(credit)	**9.2**	**(0.3)**	**(5.2)**	**3.7**	22.8	(0.3)	5.1	27.6

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for those taxes. The level of current and deferred tax recognised is dependent on subjective judgements as to the outcome of decisions to be made by the tax authorities in the various tax jurisdictions around the world in which the Group operates. It is necessary to consider which deferred tax assets should be recognised based on an assessment of the extent to which they are regarded as recoverable, which involves assessment of the future trading prospects of individual statutory entities.

During FY24, there was a charge in the Income Statement for the derecognition of deferred tax asset balances totalling £12.2m (FY23: £11.9m), with unrecognised deferred tax assets increasing to £51.5m (FY23: £39.3m restated).

The actual outcome may vary from that anticipated. Where the final tax outcomes differ from the amounts initially recorded, there will be impacts upon income tax and deferred tax provisions and on the Income Statement in the period in which such determination is made.

The Group has current tax provisions recorded within current tax liabilities, in respect of uncertain tax positions. In accordance with IFRIC 23, tax provisions are recognised for uncertain tax positions where it is considered probable that the

position in the filed tax return will not be sustained and there will be a future outflow of funds to a taxing authority. Tax provisions are measured either based on the most likely amount (the single most likely amount in a range of possible outcomes) or the expected value (the sum of the probability weighted amounts in a range of possible outcomes) depending on management's judgement on how the uncertainty may be resolved.

The Group is disputing tax assessments received from the tax authorities of some countries in which the Group operates. The disputed tax assessments are at various stages in the appeal processes, but the Group believes it has a supportable and defendable position (based upon local accounting and legal advice) and is appealing previous judgments and communicating with the relevant tax authority. The Group's expected outcome of the disputed tax assessments is held within the relevant provisions in the 2024 financial statements.

The uncertain tax positions credit of £3.8m (FY23: £8.5m charge) includes £2.5m included within exceptional tax items related to the expiry of an indemnity period in May 2023, following the Cash Processing Solutions Limited business sale in May 2016. Of the remaining £1.5m credit, £0.5m relates to favourable movements in exchange rates for other provisions rather than a change to the underlying provided amounts and £1.0m relates to the release of provisions no longer considered necessary. The remaining provisions for uncertain tax positions total £18.2m (FY23: £22.0m) and are contained within current tax liabilities.

7. EARNINGS PER SHARE

Earnings per share	**2024 pence per share**	2023 pence per share
Basic EPS – continuing operations	**(10.2)**	(28.6)
Diluted EPS – continuing operations[1]	**(10.2)**	(28.6)
Adjusted EPS		
Basic EPS – continuing operations	**(5.3)**	(1.5)
Diluted EPS – continuing operations	**(5.3)**	(1.5)
Number of shares (m)		
Weighted average number of shares	**195.7**	195.4
Dilutive effect of shares	**0.2**	0.5
	195.9	195.9

[1] The Group reported a loss from continuing operations attributable to the ordinary equity shareholders of the Company for FY23. The Diluted EPS is reported as equal to Basic EPS; no account can be taken of the effect of dilutive securities under IAS 33.

Reconciliations of the earnings used in the calculations are set out below:

	2024 £m	2023 £m
Loss for basic EPS – continuing operations	**(20.0)**	(55.9)
Add: amortisation of acquired intangibles	**1.0**	1.0
Less: tax on amortisation of acquired intangibles	**(0.3)**	(0.3)
Add: exceptional items (excluding non-controlling interests)	**14.2**	47.1
Less: tax on exceptional items	**(5.2)**	5.1
Loss for adjusted EPS	**(10.3)**	(3.0)

8. FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Fair value hierarchy	**Total fair value 2024 £m**	**Carrying amount 2024 £m**	Total fair value 2023 £m	Carrying amount 2023 £m
Financial assets					
Trade and other receivables[1]	Level 3	**60.7**	**60.7**	58.4	58.4
Contract assets	Level 3	**16.7**	**16.7**	18.9	18.9
Cash and cash equivalents	Level 1	**29.3**	**29.3**	40.3	40.3
Derivative financial instruments:					
– Forward exchange contracts designated as cash flow hedges	Level 2	**0.4**	**0.4**	1.2	1.2
– Foreign exchange fair value hedges – other economic hedges	Level 2	**0.2**	**0.2**	1.1	1.1
– Embedded derivatives	Level 2	**0.1**	**0.1**	0.1	0.1
		0.7	**0.7**	2.4	2.4
Total financial assets		**107.4**	**107.4**	120.0	120.0
Financial liabilities					
Unsecured bank loans[2]	Level 2	**(118.7)**	**(118.7)**	(122.7)	(122.7)
Trade and other payables[3]	Level 3	**(57.6)**	**(57.6)**	(66.1)	(66.1)
Derivative financial instruments:					
– Forward exchange contracts designated as cash flow hedges	Level 2	**(1.5)**	**(1.5)**	(1.0)	(1.0)
– Short duration swap contracts designated as fair value hedges	Level 2	**(0.1)**	**(0.1)**	(0.1)	(0.1)
– Foreign exchange fair value hedges – other economic hedges	Level 2	**(1.4)**	**(1.4)**	(0.4)	(0.4)
– Embedded derivatives	Level 2	**(0.3)**	**(0.3)**	(0.4)	(0.4)
		(3.3)	**(3.3)**	(1.9)	(1.9)
Total financial liabilities		**(179.6)**	**(179.6)**	(190.7)	(190.7)

Notes:

[1] Excludes prepayments of £6.4m (FY23: £3.6m), RDEC of £2.0m (FY23: £2.5m) and VAT recoverable of £3.7m (FY23: £6.2m).

[2] Excludes unamortised pre-paid loan arrangement fees of £5.0m (FY23: £5.0m) and loss on debt modification of £3.5m (FY23: £0.7m).

[3] Excludes social security and other taxation amounts of £1.9m (FY23: £3.0m), contract liabilities of £0.2m (FY23: £0.3m) and payments on account of £23.1m (FY23: £22.7m).

Trade receivables decreased to £39.6m compared to £42.3m at FY23 reflecting timing of payments on certain material customer contracts.

Contract assets have decreased from £18.9m at FY23 to £16.7m at FY24. This relates to a decrease in Currency contracts of £1.2m (FY23: increase of £12.7m) and Authentication contracts of £1.0m (FY23: increase of £6.2m).

9. ANALYSIS OF NET DEBT

The analysis below provides a reconciliation between the opening and closing of the Group's net debt position (being the net of borrowings and cash and cash equivalents). During the period the Group has redefined and restated the definition of net debt to exclude losses or gains on debt modification. This is in line with the definition used in the covenant calculations. As a result, the FY23 net debt has been restated to £82.4m, previously £83.1m, after excluding the £0.7m of net loss on debt modification.

	At 25 March 2023 £m	**Cash flow £m**	**Foreign exchange and other £m**	**At 30 March 2024 £m**
Gross Borrowings	**(122.7)**	**4.0**	**–**	**(118.7)**
Cash and cash equivalents	**40.3**	**(10.6)**	**(0.4)**	**29.3**
Net debt	**(82.4)**	**(6.6)**	**(0.4)**	**(89.4)**

	At 26 March 2022 £m	Cash flow £m	Foreign exchange and other £m	At 25 March 2023 £m
Gross Borrowings	(95.7)	(27.0)	–	(122.7)
Cash and cash equivalents	24.3	15.6	0.4	40.3
Net debt	(71.4)	(11.4)	0.4	(82.4)

Net debt is presented excluding unamortised pre-paid borrowing fees of £5.0m (FY23: £5.0m), net loss on debt modification of £3.5m (FY23: £0.7m) and £11.6m (FY23: £13.3m) of lease liabilities.

	At 25 March 2023 £m	**Cash flow £m**	**Non-cash movements £m**	**At 30 March 2024 £m**
Unamortised pre-paid borrowing fees	**5.0**	**(5.5)**	**5.5**	**5.0**

As at 30 March 2024, the Group had a total of undrawn RCF committed borrowing facilities, all maturing in more than one year, of £42.0m (25 March 2023: £53.0m, all maturing in more than one year). The amount of loans drawn on the £160.0m RCF cash component facility was £118.0m as at 30 March 2024 (25 March 2023: £112.0m).

Minimum liquidity at 30 March 2024 was in excess of the £10m limit required under the covenant tests.

Guarantees of £41.8m (25 March 2023: £52.1m) have been drawn using the £75.0m guarantee facility. The accrued interest in relation to cash drawdowns outstanding as at 30 March 2024 is £0.3m (25 March 2023: £0.3m).

	Actual as at 30 March 2024 £m	**Maximum facility £m**
Facilities:		
Cash	**118.0**	**160.0**
Bonds and guarantees	**41.8**	**75.0**
	159.8	**235.0**

A separate borrowing facility for financing equipment under construction is in place and at 30 March 2024 the amount outstanding on this facility is £0.7m (25 March 2023: £0.7m).

10. RETIREMENT BENEFIT OBLIGATIONS

The Group has pension plans, devised in accordance with local conditions and practices in the country concerned, covering the majority of employees. The assets of the Group's plans are generally held in separately administered trusts or are insured.

On 3 April 2023, the Company and the Trustee agreed to defer the deficit reduction contributions due under the previous Recovery Plan, payable on 5 April 2023, to 26 May 2023. Subsequently, on 25 May 2023 the Company and the Trustee agreed to defer the deficit contribution due on 26 May 2023 to 5 July 2023. In June 2023, the Company and the Trustee agreed to defer all the deficit reduction contributions due to recommence from 5 April 2024 and a new Recovery Plan has been agreed between the Company and the Trustee.

An actuarial valuation of the Scheme was undertaken as at 30 September 2023. This showed a Scheme deficit of £78m. As a result of this new valuation, on 18 September 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as preciously agreed will be retained with the only payment being £1.25m due under the June 2023 Recover Plan. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum.

The Company has not paid any deficit reduction contributions to the Main Scheme in the year to 30 March 2024.

	2024 **£m**	2023 £m
UK retirement benefit deficit	**(49.7)**	(53.1)
Overseas retirement liability	**(1.9)**	(1.6)
Retirement benefit deficit	**(51.6)**	(54.7)
Reported in:		
Non-current liabilities	**(51.6)**	(54.7)

The majority of the Group's retirement benefit obligations are in the UK:

	2024 **UK** **£m**	**2024** **Overseas** **£m**	**2024** **Total** **£m**	2023 UK £m	2023 Overseas £m	2023 Total £m
Equities	**3.9**	**-**	**3.9**	3.2	-	3.2
Bonds	**91.6**	**-**	**91.6**	88.7	-	88.7
Secured/fixed income	**91.7**	**-**	**91.7**	133.0	-	133.0
Liability Driven Investment Fund	**183.7**	**-**	**183.7**	163.6	-	163.6
Multi Asset Credit	**46.7**	**-**	**46.7**	60.2	-	60.2
Qualifying insurance policy	**214.1**	**-**	**214.1**	220.6	-	220.6
Other	**12.4**	**-**	**12.4**	8.9	-	8.9
Fair value of scheme assets	**644.1**	**-**	**644.1**	678.2	-	678.2
Present value of funded obligations	**(689.4)**	**-**	**(689.4)**	(727.5)	-	(727.5)
Funded defined benefit pension schemes	**(45.3)**	**-**	**(45.3)**	(49.3)	-	(49.3)
Present value of unfunded obligations	**(4.4)**	**(1.9)**	**(6.3)**	(3.8)	(1.6)	(5.4)
Net deficit	**(49.7)**	**(1.9)**	**(51.6)**	(53.1)	(1.6)	(54.7)

Amounts recognised in the consolidated income statement:

	2024 UK £m	**2024 Overseas £m**	**2024 Total £m**	2023 UK £m	2023 Overseas £m	2023 Total £m
Included in employee benefits expense:						
Current service cost	**–**	**–**	**–**	–	–	–
Administrative expenses and taxes	**(1.3)**	**–**	**(1.3)**	(1.6)	–	(1.6)
Included in interest on retirement benefit obligation net finance expense:						
Interest income on scheme assets	**31.2**	**–**	**31.2**	27.6	–	27.6
Interest cost on liabilities	**(33.7)**	**–**	**(33.7)**	(26.5)	–	(26.5)
Retirement benefit obligation net finance expense	**(2.5)**	**–**	**(2.5)**	1.1	–	1.1
Total recognised in the consolidated income statement	**(3.8)**	**–**	**(3.8)**	(0.5)	–	(0.5)
Return on scheme assets excluding assumed interest income	**(17.8)**	**–**	**(17.8)**	(301.1)	0.4	(300.7)
Remeasurement gains/(losses) on defined benefit pension obligations	**23.5**	**(0.3)**	**23.2**	200.4	–	200.4
Amounts recognised in other comprehensive income	**5.7**	**(0.3)**	**5.4**	(100.7)	0.4	(100.3)

Principal actuarial assumptions:

	2024 UK %	**2024 Overseas %**	2023 UK %	2023 Overseas %
Discount rate	**4.90%**	–	4.70%	–
CPI inflation rate	**2.80%**	–	2.50%	–
RPI inflation rate	**3.20%**	–	3.00%	–

The financial assumptions adopted as at 30 March 2024 reflect the duration of the scheme liabilities which has been estimated to be broadly 13 years (FY23: broadly 14 years).

As at 30 March 2024 mortality assumptions were based on tables issued by Club Vita, with future improvements in line with the CMI model, CMI_2022 (FY23: CMI_2021) with a smoothing parameter of 7.5 and a long-term future improvement trend of 1.25% per annum (FY23: long-term rate of 1.25% per annum) and w2022 parameter of 20% (FY23: w2020 parameter 20%). The resulting life expectancies within retirement are as follows:

		2024	2023
Aged 65 retiring immediately (current pensioner)	Male	**21.3**	21.8
	Female	**23.5**	23.9
Aged 50 retiring in 15 years (future pensioner)	Male	**21.8**	22.4
	Female	**25.0**	25.3

United Kingdom Pension Benefits — High Court of Justice Ruling on Actuarial Confirmations

In June 2023, the High Court ruled in the case between Virgin Media and the NTL Pension Trustees II Limited (and others) that the absence of a “Section 37” certificate accompanying an amendment to benefits in a contracted-out pension scheme would render the amendment void. If upheld, the High Court’s decision could have wider ranging implications, affecting other defined benefit pension schemes in the United Kingdom that were contracted-out on a salary-related basis,

and made amendments between April 1997 and April 2016. There is still further uncertainty, with a Court of Appeal hearing in June 2024 not yet opined on.

The Company has a contracted out defined benefit pension fund scheme. The pension fund trustees have determined that there were nine amendments in the scheme for the period from 2003 – 2016. The pension scheme administrators and trustees have not as yet carried out a full review of these amendments and historical actuarial certification dating back to 1997 as the Company is awaiting the outcome of the appeal that was heard in June 2024. As such, management is unable to determine if the scheme will be impacted, or to reliably estimate any impact as at the period-end.

11. CONTINGENT ASSETS AND LIABILITIES

In FY23, De la Rue was made aware that the Central Bureau of Investigation in India (CBI-I) had launched an investigation into the conduct of Arvind Mayaram, the former Indian Finance Secretary, in which the historical activities of De La Rue in India prior to 2016 had been implicated. The Company still has not received any official direct communication of this investigation from the CBI-I but has learned about it from publicly available sources. De La Rue has not served the Government of India or the Central Bank of India in any capacity since 2016. The Company believes that there is no merit to the allegations that relate to De La Rue.

The Group also provides guarantees and performance bonds which are issued in the ordinary course of business. In the event that a guarantee or performance bond is called, a provision may be required subject to the particular circumstances including an assessment of its recoverability.

12. RELATED PARTY TRANSACTIONS

During the year the Group traded on an arm's length basis with the associated company Fidink (33.3% owned). The Group's trading activities with Fidink in the period comprise £18.7m (FY23: £22.2m) for the purchase of ink and other consumables on an arm's length basis. At the balance sheet date there was £3.7m (FY23: £1.7m) owing to this company.

The value of the Group's investment in associate is not material and hence not disclosed on the face of the balance sheet.

Intra-group transactions between the Parent and the fully consolidated subsidiaries or between fully consolidated subsidiaries are eliminated on consolidation.

Directors and key management compensation

Directors	**2024 £'000**	2023 £'000
Aggregate emoluments	**1,588**	1,595
Aggregate gains made on the exercise of share options	**–**	–
	1,588	1,595

Directors and key management	**2024 £m**	2023 £m
Salaries and other short-term employee benefits	**2.4**	2.1
Retirement benefits - Defined contribution	**0.1**	0.1
Termination benefits	**–**	0.2
Share-based payments	**0.3**	0.1
	2.8	2.5

Key management comprises members of the Board (including the fees of Non-executive Directors) and the Executive Leadership Team. Termination benefits include compensation for loss of office, ex gratia payments, redundancy payments, enhanced retirement benefits and any related benefits in kind connected with a person leaving office or employment.

13. NON-CONTROLLING INTEREST

The Group has three subsidiaries with material non-controlling interests:

- De La Rue Buck Press Limited, whose country of incorporation is Ghana;
- De La Rue Lanka Currency and Security Print (Private) Limited, whose country of incorporation is Sri Lanka; and
- De La Rue Kenya EPZ Limited, whose country of incorporation and operation is Kenya.

The accumulated non-controlling interest of the subsidiary at the end of the reporting period is shown in the Group balance sheet. The following table summarises the key information relating to these subsidiaries, before intra-group eliminations.

	Ghana	**Sri Lanka**	**Kenya[1]**	Ghana	Sri Lanka	Kenya[1]
Non-controlling interest percentage	**51%**	**40%**	**40%**	51%	40%	40%
	2024 £m	**2024 £m**	**2024 £m**	2023 £m	2023 £m	2023 £m
Non-current assets	**0.1**	**6.0**	**0.2**	–	7.7	0.2
Current assets	**7.1**	**30.0**	**20.3**	8.9	30.5	22.8
Non-current liabilities	**-**	**(0.5)**	**-**	–	(0.4)	-
Current liabilities	**(4.6)**	**(13.5)**	**(11.2)**	(5.7)	(10.6)	(13.7)
Net assets (100%)	**2.6**	**22.0**	**9.3**	3.2	27.2	9.3
	2024 £m	**2024 £m**	**2024 £m**	2023 £m	2023 £m	2023 £m
Revenue	**10.9**	**33.8**	**0.2**	13.8	35.0	16.8
Profit/(loss) for the year	**(0.2)**	**2.7**	**(0.2)**	2.2	1.2	(7.3)
(Loss)/profit allocated to non-controlling interest	**(0.1)**	**1.1**	**(0.1)**	1.1	0.5	(2.9)
Dividends declared by non-controlling interest	**-**	**3.2**	**-**	–	0.8	-
Cash flows from operating activities	**(3.7)**	**6.6**	**(0.3)**	2.9	8.9	0.8
Cash flows from investing activities	**(0.1)**	**(0.1)**	**0.1**	–	(0.2)	(0.3)
Cash flows from financing activities	**-**	**(7.9)**	**-**	–	(1.9)	(0.1)
Net (decrease)/increase in cash and cash equivalents	**(3.8)**	**(1.4)**	**(0.2)**	2.9	6.8	0.4

Notes:

1 In January 2023, the Group announced that it has suspended banknote printing operations Kenya. Operations ceased in FY24.

14. CAPITAL AND OTHER COMMITMENTS

	2024 £m	2023 £m
Capital and other expenditure contracted but not provided:		
Property, plant and equipment	**5.9**	16.4
Lease commitments	**13.3**	13.9
	19.2	30.3

Lease commitments relate to the factory site extension in Malta where the Company has signed a lease for the premises for an initial term of 20 years. The lease will be recognised when the building becomes available for use.

15. POST BALANCE SHEET EVENTS

As announced to the market on 30 May 2024, the Group is currently exploring certain strategic options in relation to the sale of the whole group or each of its divisions. As a result, a number of parties have made proposals in relation to both the Group's divisions, the furthest advanced being for the Authentication division. These workstreams continue, but at the date of the approval of the financial statements, no formal agreement has been entered into.

Non IFRS measures

De La Rue plc publishes certain additional information in a non-statutory format in order to provide readers with an increased insight into the underlying performance of the business. These non-statutory measures are prepared on a basis excluding the impact of exceptional items and amortisation of intangibles acquired through business combinations, as they are not considered to be representative of underlying business performance. The measures the Group uses along with appropriate reconciliations to the equivalent IFRS measures where applicable are shown in the following tables.

The Group's policy on classification of exceptional items is also set out below:

The Directors consider items of income and expenditure which are material by size and/or by nature and not representative of normal business activities should be disclosed separately in the financial statements so as to help provide an indication of the Group's underlying business performance. The Directors label these items collectively as 'exceptional items'. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Directors believe would give rise to exceptional items for separate disclosure would include: gains or losses on the disposal of businesses, curtailments on defined benefit pension arrangements or changes to the pension scheme liability which are considered to be of a permanent nature such as the change in indexation or the GMPs, and non-recurring fees relating to the management of historical scheme issues, restructuring of businesses, asset impairments and costs associated with the acquisition and integration of business combinations. All exceptional items are included in the appropriate income statement category to which they relate.

A Adjusted operating profit

Adjusted operating profit represents earnings from continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets.

	2024 £m	2023 £m
Operating profit/(loss) from continuing operations on an IFRS basis	**5.8**	(20.3)
Amortisation of acquired intangible assets	**1.0**	1.0
Exceptional items	**14.2**	47.1
Adjusted operating profit from continuing operations	**21.0**	27.8

B Adjusted basic earnings per share

Adjusted earnings per share are the earnings attributable to equity shareholders, excluding exceptional items and amortisation of acquired intangible assets and discontinued operations divided by the weighted average basic number of ordinary shares in issue. It has been calculated by dividing the De La Rue plc's adjusted operating profit from continuing operations for the period by the weighted average basic number of ordinary shares in issue excluding shares held in the employee share trust.

	2024 £m	2023 £m
Loss attributable to equity shareholders of the Company from continuing operations on an IFRS basis	**(20.0)**	(55.9)
Amortisation of acquired intangible assets	**1.0**	1.0
Exceptional items	**14.2**	47.1
Tax on amortisation of acquired intangible assets	**(0.3)**	(0.3)
Tax on exceptional items	**(5.2)**	5.1
Adjusted loss attributable to equity shareholders of the Company from continuing operations	**(10.3)**	(3.0)
Weighted average number of ordinary shares for basic earnings	**195.7**	195.4

Continuing operations	2024 pence per share	2023 pence per share
Basic earnings per ordinary share on an IFRS basis	(10.2)	(28.6)
Basic adjusted earnings per ordinary share	(5.3)	(1.5)
Diluted adjusted earnings per ordinary share[1]	(5.3)	(1.5)

[1] As there is a loss from continuing operations attributable to the ordinary equity shareholders of the Company for the year, the Diluted EPS is reported as equal to Basic EPS, as no account can be taken of the effect of dilutive securities under IAS 33.

C Net Debt

Net Debt is a non-IFRS measure. See note 9 for details of how net debt is calculated.

D Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA represents earnings from continuing operations before the deduction of interest, tax, depreciation, amortisation and exceptional items.

The EBITDA margin percentage takes the applicable EBITDA figure and divides this by the continuing revenue in the period of £310.3m (FY23: £349.7m). The covenant test uses earlier accounting standards and excludes adjustments for IFRS 16 and takes into account lease payments made.

	2024 £m	2023 £m
Loss for the year	**(19.1)**	(57.2)
Add back:		
Taxation	**3.7**	27.6
Net finance expenses	**21.2**	9.3
Profit/(loss) before interest and taxation from continuing operations	**5.8**	(20.3)
Add back:		
Depreciation of property, plant and equipment	**10.9**	12.5
Depreciation of right-of-use assets	**2.5**	2.2
Amortisation of intangible assets	**5.9**	5.3
EBITDA	**25.1**	(0.3)
Exceptional items	**14.2**	47.1
Adjusted EBITDA	**39.3**	46.8

Revenue £m	**310.3**	349.7
EBITDA margin	**8.1%**	(0.1)%
Adjusted EBITDA margin	**12.7%**	13.4%

The adjusted EBITDA split by division was as follows:

FY24	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Central £m**	**Total of continuing operations £m**
Operating (loss)/profit on IFRS basis	**(1.0)**	**12.9**	**-**	**(6.1)**	**5.8**
Add back:					
Net exceptional items	**7.4**	**0.7**	**-**	**6.1**	**14.2**
Depreciation of property, plant and equipment and right-of-use assets	**9.8**	**2.7**	**-**	**0.9**	**13.4**
Amortisation of intangible assets	**1.2**	**4.6**	**-**	**0.1**	**5.9**
Adjusted EBITDA	**17.4**	**20.9**	**-**	**1.0**	**39.3**

FY23	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(24.8)	5.4	(0.2)	(0.7)	(20.3)
Add back:					
Net exceptional items	38.4	7.9	0.1	0.7	47.1
Depreciation of property, plant and equipment and right-of-use assets	11.1	2.6	-	1.0	14.7
Amortisation of intangible assets	1.3	3.4	-	0.6	5.3
Adjusted EBITDA	26.0	19.3	(0.1)	1.6	46.8

E Adjusted controllable operating profit by division

Adjusted controllable operating profit represents earnings from continuing operations of the ongoing divisions adjusted to exclude exceptional items and amortisation of acquired intangible assets and costs relating to the enabling functions such as Finance, IT and Legal that are deemed to be attributable only to the ongoing two divisional structure model. Key reporting metrics for monitoring the divisional performance is linked to gross profit and controllable profit (being adjusted operating profit before the allocation of enabling function overheads), with the enabling functional cost base being managed as part of the overall business key Turnaround Plan objectives.

FY24	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Central £m**	**Total of continuing operations £m**
Operating (loss)/profit on IFRS basis	**(1.0)**	**12.9**	**-**	**(6.1)**	**5.8**
Amortisation of acquired intangibles	**-**	**1.0**	**-**	**-**	**1.0**
Net exceptional items	**7.4**	**0.7**	**-**	**6.1**	**14.2**
Adjusted operating profit	**6.4**	**14.6**	**-**	**-**	**21.0**
Enabling function overheads	**23.1**	**10.8**	**-**	**(33.9)**	**-**
Adjusted controllable operating profit/(loss)	**29.5**	**25.4**	**-**	**(33.9)**	**21.0**

FY23	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(24.8)	5.4	(0.2)	(0.7)	(20.3)
Amortisation of acquired intangibles	-	1.0	-	-	1.0
Net exceptional items	38.4	7.9	0.1	0.7	47.1
Adjusted operating profit/(loss)	13.6	14.3	(0.1)	-	27.8
Enabling function overheads	24.0	8.7	-	(32.7)	-
Adjusted controllable operating profit/(loss)	37.6	23.0	(0.1)	(32.7)	27.8

F Covenant ratios

The following covenant ratios are applicable to the Group's banking facilities as at 30 March 2024.

1. Covenant net debt to EBITDA ratio

For covenant purposes the Net debt/EBITDA ratio is required to be less than or equal to 4.0 times until the Q4 2024 testing point. This then reduces to less than or equal to 3.6 times from Q1 FY25 through to the end of the current agreement to 1 July 2025.

The definitions of "covenant net debt" and "covenant EBITDA" are different to those provided in note C and D above. These are defined below:

	2024 **£m**
Gross Borrowings	**(118.7)**
Cash and cash equivalents	**29.3**
Net debt	**(89.4)**
Trapped and other cash adjustments per banking facilities agreement	**(15.0)**
Covenant net debt	**(104.4)**

	2024 **£m**
Adjusted EBITDA (note D)	**39.3**
Adjustments per banking facilities agreement:	
IFRS 16 leases adjustment	**(3.0)**
Bank guarantee fees	**1.2**
Covenant EBITDA	**37.5**

	2024
Covenant net debt to EBITDA ratio	**2.78**

2. Covenant EBIT / net interest payable ratio

For covenant purposes the EBIT/net interest payable ratio is required to be more than or equal to 1.0 times.

The definition of "covenant EBIT" and "covenant net interest payable" are provided below:

	2024 £m
Adjusted operating profit	**21.0**
Adjustments per banking facilities agreement:	
IFRS 16 leases adjustment	**(0.5)**
Bank guarantee fees	**1.2**
Covenant EBIT	**21.7**

	2024 £m
Interest on bank loans	**12.3**
Other, including amortisation of finance arrangement fees	**3.7**
Adjustments per banking facilities agreement:	
Exclude amortisation of finance arrangement fees	**(0.7)**
Exclude arrangement fees	**(2.5)**
Include bank guarantee fees	**1.2**
Covenant net interest payable	**14.0**

	2024
Covenant EBIT / net interest payable ratio	**1.55**

Covenant test results as at 30 March 2024:

Test	Requirement	Actual at 30 March 2024
EBIT to net interest payable	More than or equal to 1.0 times	**1.55**
Net debt to EBITDA	Less than or equal to 4.0 times	**2.78**
Minimum liquidity testing	Testing at each weekend point on a 4-week historical basis and 13-week forward looking basis. The minimum liquidity is defined as "available cash and undrawn RCF greater than or equal to £10m".	**No breaches**

G Free cash flow

Free cash flow is a Key Performance Indicator for the Group and shows how much cash is being generated for shareholders and is a metric used in assessment of the Group's Performance Share Plan. Free cash flow is defined below:

	2024	2023
	£m	£m
Cash generated from operating activities	**28.5**	24.8
Add back: Pension recovery plan payments	**-**	16.5
Deduct: Purchases of property, plant and equipment (net of grants received)	**(4.1)**	(11.0)
Deduct: Purchases of software intangibles and development assets capitalised	**(4.6)**	(10.4)
Deduct: Lease liability payments	**(2.5)**	(2.4)
Add back: Receipt from repayment of other financial assets	**0.3**	-
Deduct: Interest paid	**(14.1)**	(10.3)
Deduct: Dividends paid to non-controlling interests	**(3.2)**	(0.8)
Free cash flow	**0.3**	6.4

-END-