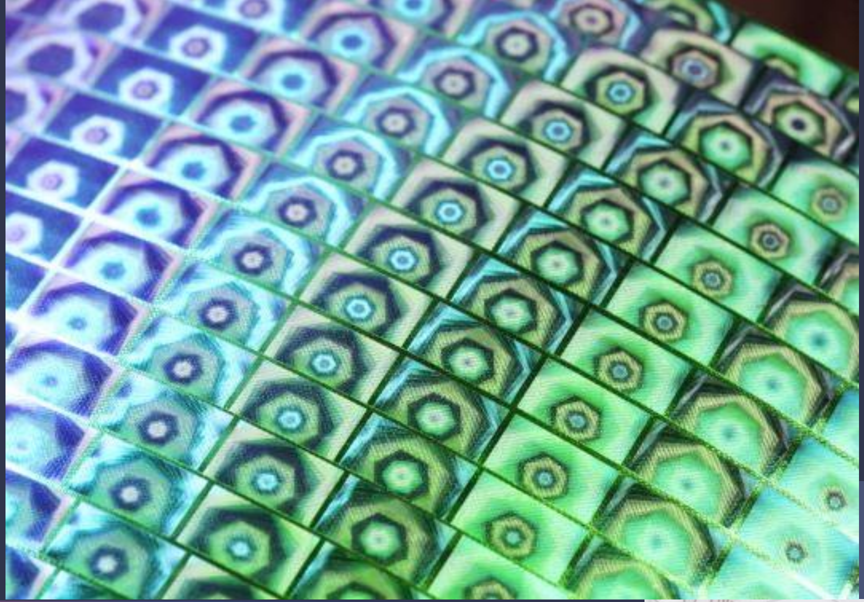

De La Rue plc

H1 24 results presentation

December 2023

Disclaimer

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.

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PACIFIC GAMES
2023

CEO review


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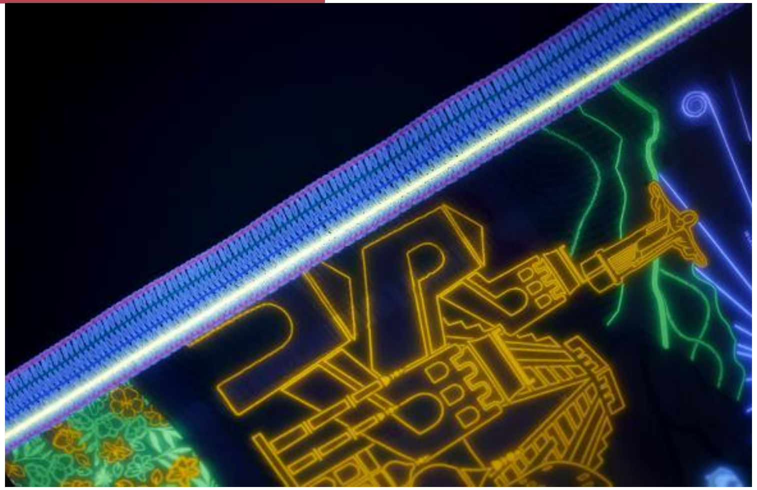
Summary

- H1 24 adjusted operating profit of £7.9m (H1 23: £9.3m), ahead of guidance
- Encouraging signs of recovery in Currency
  - High tender win rate and order book building
- Steady H1 performance in Authentication
  - Recent substantial contract renewal on improved terms
- Reduced pension deficit repair contributions for FY25-27 to £8m per annum, assisting medium term cash by £28m
- Extended banking facilities until July 2025
- H1 24 closing net debt of £82.0m flat on FY23 amount (£82.4m)
- Operating cash inflow of £15.4m (H1 23: £2.8m outflow) achieved even after final payment for Portals settlement
- Capex also managed well
- Guidance for FY24 adjusted operating profit reiterated (low £20m range)
  - Net debt now expected to be mid £90m at year end



Currency update

- Recently closed several significant orders
  - December order book doubled to £219.8m from end September (£105.4m)
  - De La Rue's win rate is consistently high in tender activity
- Underlying trends remain positive
  - Cash in circulation increasing by around 5% per annum globally; more rapidly in some De La Rue core markets
- For H1 FY24, Revenues fell 2.6% to £113.4m (H1 23: £116.4m)
- Adjusted operating profit down 67% to £1.4m (H1 23: £4.3m)
- H1 FY24 performance was expected in light of soft banknote market demand in H2 FY23
- Further efficiency improvements
  - Right-sized UK facilities to match demand
  - Wind down of Kenya completed
  - Excellent results from banknote paper procurement strategy

Authentication update

- 5.7% overall increase in revenue to £48.1m (H1 23: £45.5m)
  - Strong ID sales, most notably of bio data pages for Australian passport
  - First sales to new Brand pharmaceutical and wholesale parts distributor customers
  - Microsoft related sales have stabilised but PC market remains subdued
- 33% rise in adjusted operating profit to £6.5m (H1 23: £4.9m)
  - Reflecting sales mix and good manufacturing yields, together with excellent cost control
- Renewed three-year contract with important customer on improved terms
- Discussions on further renewals and extensions well advanced

Group update

In H1 24, we continued to drive operational efficiency and competitiveness

- Strengthened financial position of the business

	June 2023	December 2023
Banking facilities	Covenant relaxation	Extension to July 2025
Pension	Moratorium to July 2024	Fresh actuarial valuation gives deficit of £78m Reduced payments to £8m pa FY25 to FY27 inclusive, remainder of deficit repaid over period to FY31

- Actions on pension scheme announced today save £28m cash outflow over next 3 financial years, while protecting pensioner position
- Strong focus on cash generation and conservation
- Right-sized UK sites for future operations, focusing on flexibility, cost and matching capacity to demand within Currency
- Completed the wind down in Kenya to leave 3 banknote print sites: Sri Lanka, Malta, UK
- Malta expansion on track

Financial statements

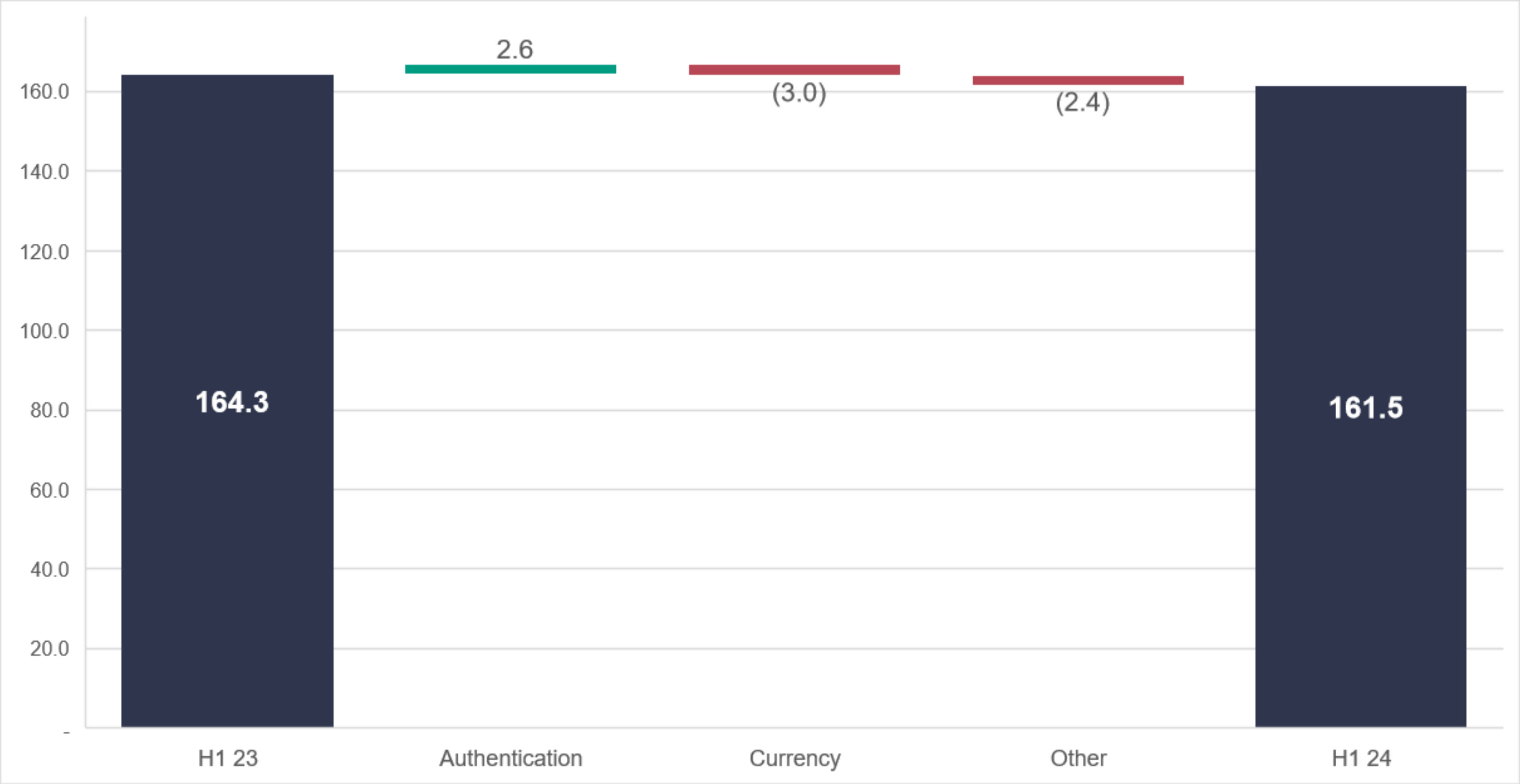
Income statement

	H1 24 £m	H1 23 £m	Change
Revenue	161.5	164.3	-1.7%
Gross profit	40.2	41.8	-3.8%
Adjusted operating profit*(1)	7.9	9.3	-15.1%
IFRS operating loss	(3.4)	(12.6)	-73.0%
Adjusted basic earnings per share*(2)	(2.6p)	2.0p	-230.0%
IFRS basic earnings per share	(6.2p)	(12.6p)	50.8%

- The definition and reconciliation of adjusted revenue, adjusted operating profit and adjusted basic EPS can be found in non-IFRS financial measures on slide 21

(1) Adjusted operating profit excludes pre-tax exceptional items of £10.8m (H1 23: £21.4m) and pre-tax amortisation of intangible assets of £0.5m (H1 23: £0.5m)
(2) Adjusted basic EPS excludes post-tax exceptional items of £6.7m (H1 23: £28.1m) and post-tax amortisation of intangible assets of £0.4m (H1 23: £0.4m)

Revenue



160.0
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120.0
100.0
80.0
60.0
40.0
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-
164.3
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(3.0)
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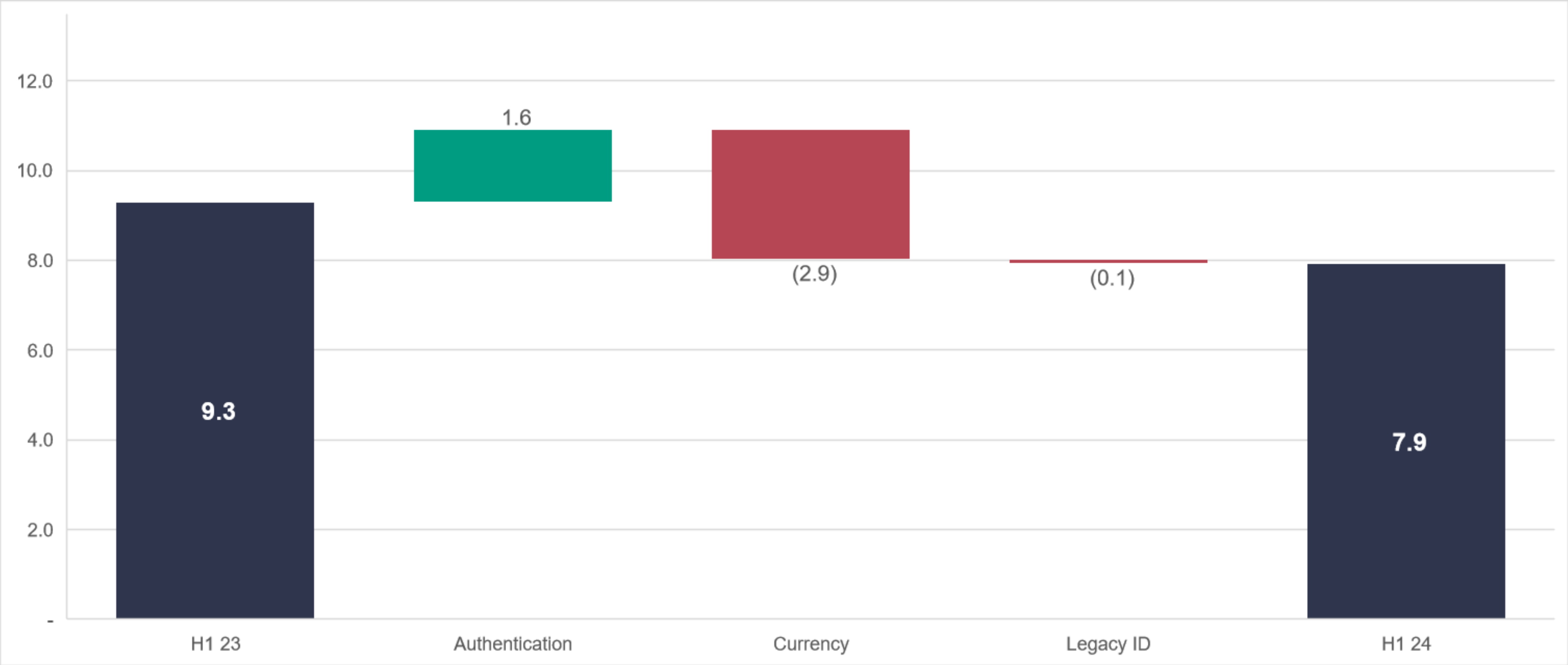
161.5
H1 23
Authentication
Currency
Other
H1 24

Adjusted operating profit*(1)



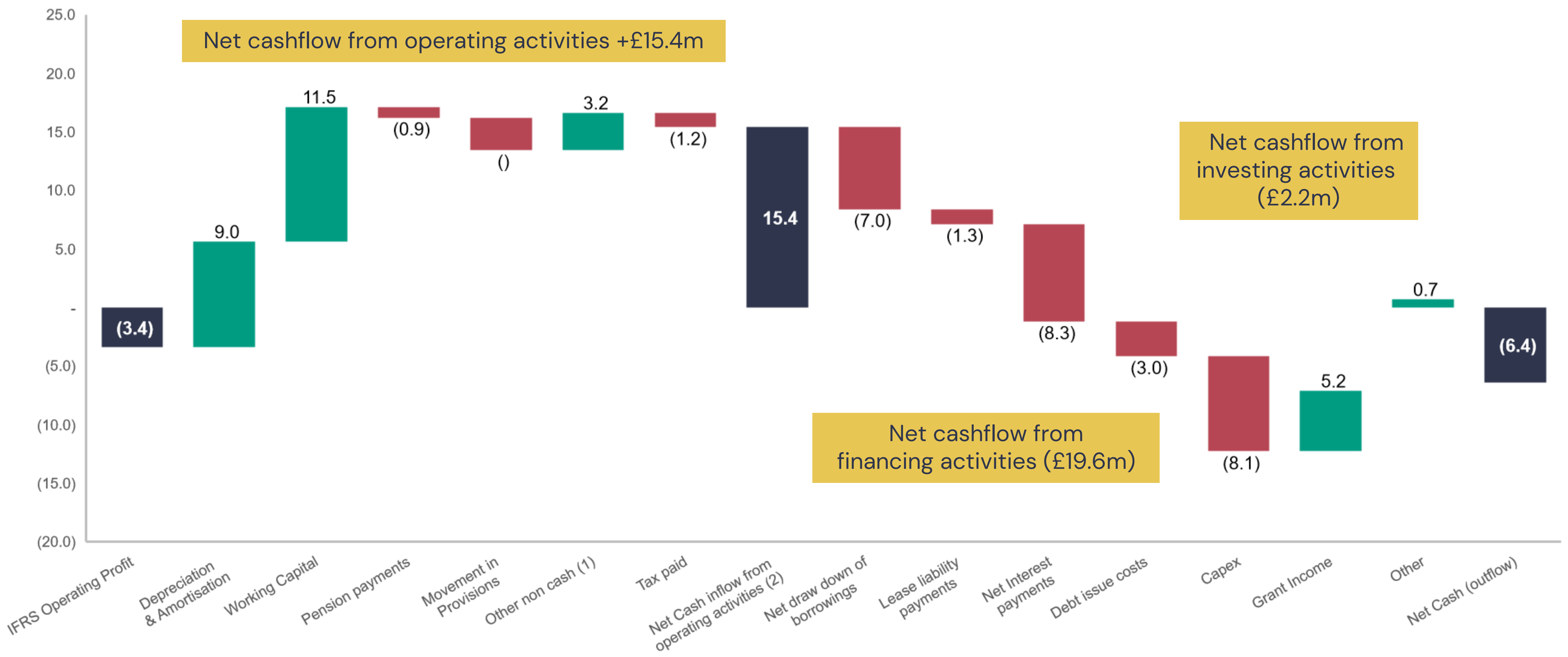
* The definition and reconciliation of adjusted revenue, adjusted operating profit and adjusted basic EPS can be found in non-IFRS financial measures on slide 21.
(1) Adjusted operating profit excludes pre-tax exceptional items of £10.8m (H1 23: £21.4m) and pre-tax amortisation of intangible assets of £0.5m (H1 23: £0.5m)

Exceptional costs

	H1 24 £m	H1 23 £m	Comment
Site relocation and restructuring	7.9	2.1	
Professional fees for refinancing and pension deferment	3.0	-	
Credit loss provision/write back on loan notes	(0.3)	2.5	Asset now held at zero net book value
Pension underpin costs	0.2		
Termination of Portals agreement	-	16.8	
Total exceptional operating costs	10.8	21.4	
Tax on exceptional items	(4.1)	6.7	
Net exceptionals	6.7	28.1	

- The cash flow impact of exceptional items was £14.6m in H1 24 (H1 23: £0.9m), which included the £7.5m final payment to Portals Paper Limited on the termination of the Relationship Agreement which was accrued in FY23 and £1.7m restructuring payments made in the period that were accrued in FY23.

Cash flow



1. Other non-cash of £3.2m includes impairment of property, plant and equipment, intangibles and accelerated depreciation of £4.4m.
2. Net inflow from operating activities of £15.4m includes £14.6m cash outflow in relation to exceptional items in H1 24. This includes the £7.5m final payment to Portals Paper Limited on the termination of the Relationship Agreement which was accrued in FY23 and £1.7m restructuring payments made in the period that were accrued in FY23.

Net debt and covenants

- Group net debt decreased slightly from £82.4m at FY23 to £82.0m at H1 24
- Strong working capital management and matching of capital expenditure to grants received helped to reduce net debt compared with year end guidance
- Improved cash flow has allowed us to cancel £15m of RCF now surplus to requirements
- Covenant tests at end September 2023:
  - EBIT/ net interest payable: 2.16x (versus a covenant of >1.0x)
  - Net debt/ EBITDA: 2.38x (versus a covenant <4.0x)
  - Liquidity headroom met throughout the period (covenant of >£25m)
- Cash conservation and generation remains a core focus

Banking facilities

- Company operated within its banking covenants (gearing, interest and liquidity) at each test point in H1 24
- June 2023
  - Relaxation of interest cover and gearing covenants
  - Introduced additional liquidity covenant
  - Bonding facility reduced from £100m to £75m
- December 2023
  - Extension of facilities until July 2025
  - £15m of RCF surplus to requirements has been cancelled and headroom under liquidity covenant adjusted to reflect this
  - Otherwise margins over SONIA and covenants remain as per June 2023 arrangements
  - Subject to a 1% arrangement fee, reduced to 0.5% if the facilities are refinanced prior to 30 June 2024
- Evaluating options for longer term debt refinancing

Pension scheme

June 2023

- Negotiated deferral of £18.75m of pension deficit reduction contributions with Trustee
- Deferred the five payments due from 5 April 2023 up to and including 5 April 2024

Dec 2023

- Fresh actuarial valuation gave deficit of £78m at Sept 2023, lower than total of outstanding previous deficit repair schedule
- Agreed a reduction in deficit repair contributions:
  - £8m pa for FY25 to FY27
  - Remaining deficit repaid over period to FY31, after next actuarial valuation.
- Saves £28m of future cash outflows in period to FY27 while safeguarding the scheme and members.

IAS 19 basis

- Sept 2023: £60.5m net liability (March 2023: £54.7m net liability).

Summary and *outlook*

Summary and outlook

- Currency orders for FY24 now largely secured: focus on delivery to achieve full year expectations
  - Several significant orders recently secured: order book has doubled since half year
  - Improvement in operational efficiency and significant cost removal since 2020 allows us to compete efficiently in this market
- Continued to restructure to increase efficiency
  - Restructuring of UK facilities to meet expected demand within Currency
  - Completion of Kenyan wind down
- Authentication remains on track to exceed £100m revenue this year
- Amendment of pension deficit repair schedule and banking facility extension put the Group on a firmer footing, building on the new covenant package and pension deficit repair moratorium announced in June
- Current trading is in line with expectations – the Board reiterates guidance given in October for full year adjusted operating profit (low £20m) and net debt guidance (mid £90m)

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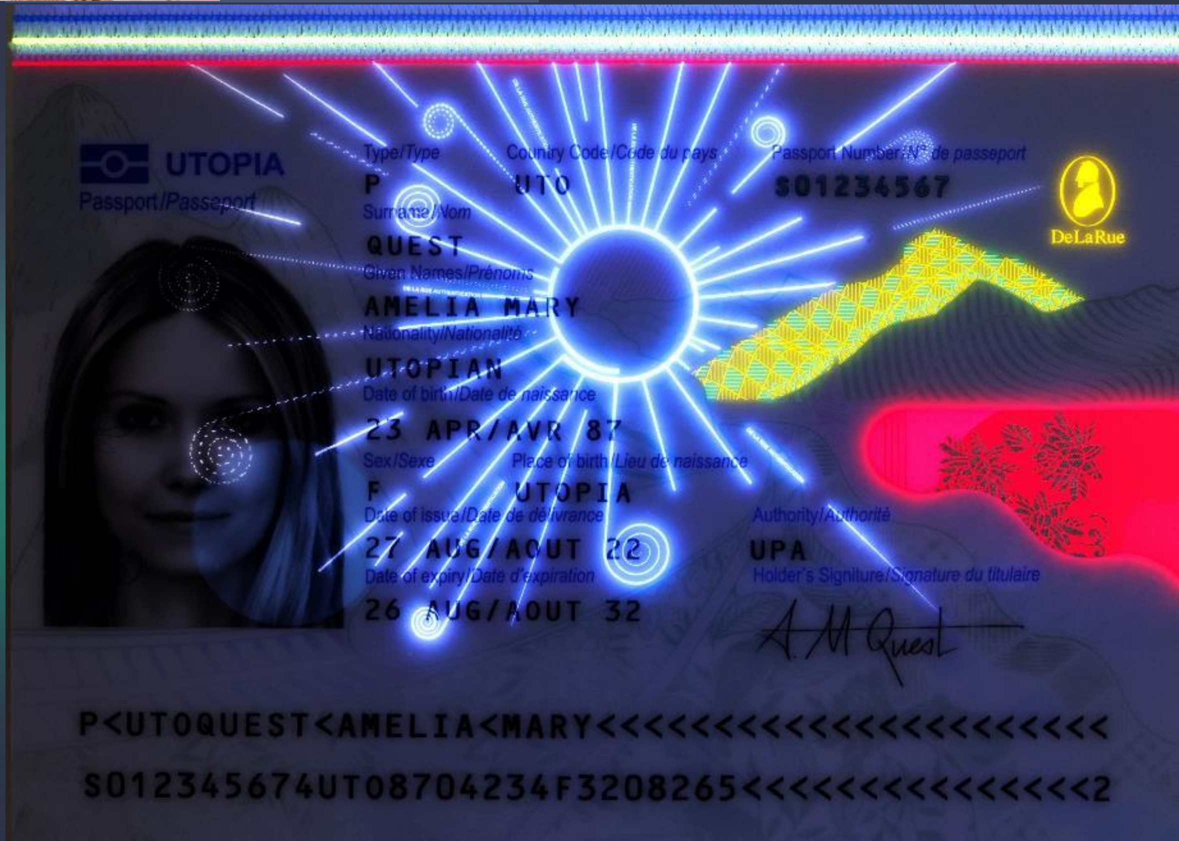
Q&A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Appendices

Non-IFRS measures

NON-IFRS FINANCIAL 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 from continuing operations

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

	H1 24 **£m**	H1 23 £m
Operating loss from continuing operations on an IFRS basis	**(3.4)**	(12.6)
Amortisation of acquired intangible assets	**0.5**	0.5
Exceptional items	**10.8**	21.4
Adjusted operating profit from continuing operations	**7.9**	9.3

Non-IFRS measures continued

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.

	H1 24 £m	H1 23 £m
Loss attributable to equity shareholders of the Company	**(12.2)**	(24.4)
Exclude: discontinued operations	-	(0.2)
Loss attributable to equity shareholders of the Company from continuing operations on an IFRS basis	**(12.2)**	(24.6)
Amortisation of acquired intangible assets	**0.5**	0.5
Exceptional items	**10.8**	21.4
Tax on amortisation of acquired intangible assets	**(0.1)**	(0.1)
Tax on exceptional items	**(4.1)**	6.7
Adjusted (loss)/profit attributable to equity shareholders of the Company from continuing operations	**(5.1)**	3.9
Weighted average number of ordinary shares for basic earnings	**195.6**	195.3

Continuing operations	**H1 24 pence per share**	H1 23 pence per share
Basic earnings per ordinary share on an IFRS basis	**(6.2)**	(12.6)
Basic adjusted earnings per ordinary share	**(2.6)**	2.0
Diluted adjusted earnings per ordinary share[1]	**(2.6)**	2.0

[1] As there is a loss from continuing operations attributable to the ordinary equity shareholders of the Company for the period (£12.2m), 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.

Non-IFRS measures continued

C 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 £161.5m (H1 23: £164.3m). The covenant test uses earlier accounting standards and excludes adjustments for IFRS 16 and takes into account lease payments made.

	H1 24 £m	H1 23 £m
Loss for the period	**(11.2)**	(23.6)
Add back:		
Profit on discontinued operations	**-**	(0.2)
Taxation	**(5.6)**	7.9
Net finance expenses	**13.4**	3.3
Loss before interest and taxation from continuing operations (Operating loss)	**(3.4)**	(12.6)
Add back:		
Depreciation of property, plant and equipment and right-of-use assets	**6.2**	7.2
Amortisation of intangible assets	**2.8**	2.5
EBITDA	**5.6**	(2.9)
Exceptional items	**10.8**	21.4
Adjusted EBITDA	**16.4**	18.5
Revenue £m	**161.5**	164.3
EBITDA margin	**3.5%**	(1.8)%
Adjusted EBITDA margin	**10.2%**	11.3%

Non-IFRS measures continued

D Adjusted controllable operating profit by division

Adjusted controllable operating profit represents earnings from continuing operations of the on-going 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 on-going 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.

H1 24	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Central £m**	**Total of continuing operations £m**
Operating (loss)/profit on IFRS basis	**(5.5)**	**5.8**	**-**	**(3.7)**	**(3.4)**
Amortisation of acquired intangibles	**-**	**0.5**	**-**	**-**	**0.5**
Net exceptional items	**6.9**	**0.2**	**-**	**3.7**	**10.8**
Adjusted operating profit	**1.4**	**6.5**	**-**	**-**	**7.9**
Enabling function overheads	**12.7**	**5.1**	**-**	**(17.8)**	**-**
Adjusted controllable operating profit/(loss)	**14.1**	**11.6**	**-**	**(17.8)**	**7.9**

H1 23	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(16.5)	3.9	0.1	(0.1)	(12.6)
Amortisation of acquired intangibles	-	0.5	-	-	0.5
Net exceptional items	20.8	0.5	-	0.1	21.4
Adjusted operating profit	4.3	4.9	0.1	-	9.3
Enabling function overheads	11.4	4.5	-	(15.9)	-
Adjusted controllable operating profit/(loss)	15.7	9.4	0.1	(15.9)	9.3