13 March 2024

4imprint Group plc
Final results for the period ended 30 December 2023

4imprint Group plc (the “Group”), a direct marketer of promotional products, today announces its final results for the 52 weeks ended 30 December 2023.

Financial overview	**2023** **$m**	2022 $m	Change
Revenue	**1,326.5**	1,140.3	+16%
Operating profit	**136.2**	102.9	+32%
Profit before tax	**140.7**	103.7	+36%
Cash and bank deposits	**104.5**	86.8	+20%
Basic EPS (cents)	**377.9**	285.6	+32%
Total paid and proposed regular dividend per share (cents)	**215.0**	160.0	+34%
Total paid and proposed regular dividend per share (pence)	**167.8**	132.2	+27%

Operational overview

- Continued market share gains driving very strong financial results
- Marketing activities remain productive, including further development of the brand component
- Net operating margin above 10%, reflecting stability in supply chain conditions, improvement in year-on-year gross margins and some operational leverage
- 2,090,000 total orders received in 2023 (2022: 1,860,000); 311,000 new customers acquired in the year (2022: 307,000)
- Group well financed with cash and bank deposits of $104.5m (2022: $86.8m)
- $20m project to expand capacity at the Oshkosh distribution centre underway, including planned extension of solar array

Paul Moody, Chairman said:

“The Group has made significant operational and financial progress in 2023, reflecting a clear strategy and a highly resilient business model.

Trading results in the first two months of 2024 have been in line with both the Board’s expectations and consensus forecasts. We are confident that we will continue to take market share.”

For further information, please contact:

4imprint Group plc
Tel. + 44 (0) 20 3709 9680

Kevin Lyons-Tarr, Chief Executive Officer
David Seekings, Chief Financial Officer

MHP Group
Tel. + 44 (0) 7884 494112

Katie Hunt
Eleni Menikou

Chairman's Statement

Performance summary

Building on the momentum generated by a healthy post-pandemic rebound that began in 2022, the Group delivered another very strong financial performance in 2023.

Group revenue for 2023 was $1.33bn, an increase of $0.19bn or 16% over 2022. Profit before tax for the year was $140.7m (2022: $103.7m), driving an increase in basic earnings per share to 377.9c, (2022: 285.6c). The business model was characteristically cash-generative, with cash and bank deposits at the end of 2023 of $104.5m (2022: $86.8m), leaving the Group well financed entering 2024.

Total orders received for the full year were up 12% over 2022, a good performance reflecting continued market share gains. These gains were made despite challenging year-on-year comparatives from April onwards and a slow-down in growth in the promotional products industry in the second half of 2023 reflecting a more cautious macroeconomic environment.

The financial dynamics within the business are strong. Considerable progress was made in gross margin percentage which improved by more than two percentage points against the prior year. Productivity of marketing spend has remained encouraging, with our headline revenue per marketing dollar KPI remaining above $8 for the full year. As trailed in last year's Annual Report, significant incremental investment in the business was approved by the Board at the start of 2023. This investment, primarily in people, has enabled us to consolidate realised gains as well as underpinning future growth prospects. In combination, these factors resulted in an annual operating margin exceeding 10%.

Strategy

Our strategic direction is clear and has not changed. We aim to deliver market-beating organic revenue growth by increasing our share in the large but fragmented markets in which we operate.

We take a long-term view of the business and its prospects. An important aspect of this is our commitment to the further development of the brand component of our marketing, which we expect to be a key growth driver in coming years.

Equally important in ensuring the Group's success is an unwavering commitment to the 4imprint culture, which has been crucial in allowing us to attract and retain the depth of talent necessary to underpin our growth ambitions. Our team members are essential to our success.

The Board remains committed to the Group's strategy and business model as well as being confident in the strength of its competitive position.

Sustainability

Further good work has been done in pursuing innovative and appropriate ways to minimise the environmental impact of our operations. Enhanced energy saving and renewable energy initiatives have continued and valuable work has been done in calculating and understanding the full extent of our GHG Protocol Scope 3 emissions.

Significant progress has been made in expanding our Better Choices™ sustainable product initiative. More than 15,000 Better Choices™ 'tags' have now been applied to items included in the programme and a particular focus has been on integrating products from our own private label brands into this initiative.

Pension

In June 2023 we took a significant further step in the Group's long-term commitment to fully de-risk its legacy defined benefit pension obligations. Through the purchase of a bulk annuity 'buy-in' insurance policy, we were able to eliminate inflation, interest rate and longevity risks in respect of substantially all remaining pension benefits. A cash lump sum of $4.1m was paid by way of a 'top-up' premium for the transaction, after which balance sheet volatility will cease and future deficit reduction contributions of around $4m per year will no longer be required.

Dividend

The Group finished 2023 in a very strong financial position, with cash and bank deposits of $104.5m (2022: $86.8m). The Board recommends a final dividend per share of 150.0c (2022: 120.0c), giving a total paid and proposed 2023 regular dividend per share of 215.0c (2022: 160.0c).

The use of the Group's large cash balance is under regular review in accordance with the Group's capital allocation framework and balance sheet funding guidelines.

Board

In August 2023 Charlie Brady stepped down from the Board due to a challenging health issue. Charlie joined the Board in 2015 and over his years with 4imprint made a significant contribution to the strategic development of the Group. His wit and wisdom are greatly missed by his former Board colleagues.

Outlook

The Group has made significant operational and financial progress in 2023, reflecting a clear strategy and a highly resilient business model.

Trading results in the first two months of 2024 have been in line with both the Board's expectations and consensus forecasts. We are confident that we will continue to take market share.

Paul Moody

Chairman

12 March 2024

Chief Executive's Review

Revenue	**2023 $m**	2022 $m	Change
North America	**1,302.6**	1,120.5	+16%
UK & Ireland	**23.9**	19.8	+21%
Total	**1,326.5**	1,140.3	+16%

Operating profit	**2023 $m**	2022 $m	Change
Direct Marketing operations	**141.2**	107.9	+31%
Head Office costs	**(5.0)**	(5.0)	0%
Total	**136.2**	102.9	+32%

Performance overview

2023 was another year of record results for 4imprint. This remarkable performance reflects the strength of our strategy in driving continued market share growth. As ever, this growth was underpinned by the outstanding efforts of our team members and the strength of the relationships we have with our supplier partners. Excellent progress has been made in 2023 on several important initiatives within the business.

As we noted in our half-year report, trading momentum in the first half of 2023 was favourable, with total orders received up 18% over 2022. At the time, however, we were careful to set these results firmly in the context of weak prior year comparatives in the first half of 2022. As we expected, the percentage increases in total order activity over the prior year moderated over the second half of the year, reflecting the much more challenging year-on-year comparatives that included a period of significant recovery from the pandemic.

In addition, the second half of 2023 saw softening demand patterns in the promotional products industry typical of a less buoyant general economic environment. Recently released research from ASI, a North American industry body, indicated that in the fourth quarter of 2023 year-over-year sales for industry distributors in aggregate were essentially flat, a marked deceleration as compared to the prior year. We continued to gain market share against this backdrop.

In total 2,090,000 orders were received in 2023, representing an increase of 12% over 2022. In line with historical patterns, existing customer orders made up the majority, with 1,561,000 orders representing a 14% increase over 2022. This strength in existing customer orders gives us reassurance in respect of the resilience and reliability of the customer file moving forward.

529,000 new customer orders were received in 2023, an increase of 2% over 2022. We acquired 311,000 new customers in the year, representing a gain of 1% over the 307,000 acquired in 2022. As well as being a function of much tougher comparatives in the second half of 2022, the relative slow-down in new customer acquisition also correlates clearly with the softening demand patterns in the industry.

Average order values in 2023 were 1% above prior year, driven by changes in the merchandising mix, customer preferences and price adjustments through the year. This led to a total increase at the demand revenue level (value of orders received) of 13% over 2022.

As the year progresses, we anticipate that 2024 will bring more normalised demand comparatives and an improved, more typical balance between new and existing customer activity.

These demand numbers laid the base for a strong financial performance. Group revenue for 2023 was $1.33bn, representing an increase of 16% or $0.19bn over 2022. The difference between the 13% increase at demand level and the 16% gain in reported revenue is explained mostly by a return to normal experience in 2023 in respect of cancelled orders and customer credits/claims. These effects had been elevated in 2022 due to the global and local supply chain disruption that caused significant adjustments and delays to order flow in that year.

After a step change in profitability in the prior year, the Group delivered another very strong result in 2023. Operating profit for 2023 of $136.2m was 32% above the 2022 comparative of $102.9m, producing an operating margin for the year of 10.3% (2022: 9.0%). Other than the revenue growth outlined above, three major themes contributed to this strengthening in net return:

- Gross margin percentages improved by more than two percentage points against the prior year. This favourable movement was driven mainly by price adjustments, supplier rebates, more stable product input prices and lower freight costs.

- Productivity of marketing spend was encouraging, with our headline revenue per marketing dollar KPI remaining above the $8 mark for the full year. For comparison purposes, this KPI was below $6 in the pre-pandemic year of 2019.
- Some operational gearing over the fixed and semi-fixed elements of the cost base, but as anticipated this was lower than usual as a result of the significant incremental investment in the business, primarily in people, to support what is now a much larger business.

The 4imprint direct marketing business model remains very cash generative, with free cash flow in the year of $128.5m (2022: $63.9m) leading to cash and bank deposits at the 2023 year-end of $104.5m (2022: $86.8m).

Operational highlights

Significant operational progress was made in 2023. Much of this was related to bolstering resources in the business after a particularly demanding year managing $350m in incremental organic revenue growth in 2022.

- **People.** Our team members are essential to our current and future success. In our 2022 Annual Report we identified our intention to make a significant investment in the business in 2023, primarily in people, in order to consolidate existing gains and strengthen our platform for future profitable growth. Even though the labour market has remained tight, we have been able to attract the high-quality talent that we need in a variety of areas across the business, both in terms of those who directly support our increasing order count as well as people to strengthen our organisational structure for the future. The results have been tangible: whereas the second half of 2022 was a time of acute stress operationally, 2023 was calm and efficient, leading to lower order adjustments and cancellations, better credits/claims experience and shorter lead times, all of which led to improved customer service. We have continued with the development of our 'hybrid' working environment for team members who previously would have worked in the office. This model will remain as a permanent option for desk-based team members.
- **Marketing.** The development of and investment in the brand component of our marketing mix has been the key catalyst behind our materially improved marketing productivity in recent years as compared to historical performance. We are confident that the brand element has settled into our proven cycle of continued investment in testing and refining the marketing mix. Most recently we have had initial success in our testing into 'streaming' TV which will now become part of our brand marketing investment. The improved flexibility offered by this evolved marketing portfolio enables us to take full advantage of the immediate market share opportunity, at the same time as strengthening the business for the long term.
- **Supply.** The supply chain position in 2023 stands in stark contrast to 2022. Through most of 2022 we dealt with acute pressure stemming from challenges around global logistics, inventory availability and production capacity to keep up with demand. During that time we relied on the deep relationships we have with our key Tier 1 suppliers to manage these issues as best we could. Thankfully, during 2023 these supply chain challenges have now been fully resolved, taking delays and friction out of the process and enabling us to deliver the '4imprint Certain' service that our customers come to us for.
- **Screen-printing.** Our new screen-print facility in Appleton, Wisconsin, went live for production in April 2023. We have been fortunate to recruit the team members required for the new operation. A second shift launched in the first quarter of 2024, and our intention is to scale up further to support our overall apparel decoration capability.
- **Oshkosh facilities.** The Board has authorised a further major expansion at our distribution centre site in Oshkosh, Wisconsin. This facility expansion is aimed primarily at supporting the continued growth of the apparel category of our product range. The current footprint will increase from just over 300,000 sq.ft. to at least 450,000 sq.ft. Construction is already under way, with a target operational date of Q3 2024. The overall cost of the project will be around $20m.

Sustainability

Good progress was made on our ESG agenda in 2023.

- We maintained and renewed our *CarbonNeutral*® business certification.
- The team has worked on further energy and waste reduction initiatives, including a renewable energy initiative through our local energy provider, with the ultimate goal of moving towards clean energy initiatives and reducing reliance on carbon offset products.
- The existing solar panel array will be supplemented and extended in capacity as part of the expansion project at the Oshkosh distribution centre.
- There has been exciting progress in expanding and developing our Better Choices™ sustainable products range. More than 15,000 Better Choices™ 'tags' (2022: 8,000) have now been applied to items meeting qualification for the programme.

Looking ahead

Our operations are robust and scalable, especially in the light of the investment in the business highlighted in this report. We are confident that we will continue to take share in the markets in which we operate.

Financial Review

	2023 $m	2022 $m
Operating profit	**136.2**	102.9
Net finance income	**4.5**	0.8
Profit before tax	**140.7**	103.7
Taxation	**(34.5)**	(23.6)
Profit for the period	**106.2**	80.1

The Group's revenue, gross profit and operating profit in the period, summarising expense by function, were as follows:

	2023 $m	2022 $m
Revenue	**1,326.5**	1,140.3
Gross profit	**401.9**	321.9
Marketing costs	**(159.9)**	(128.7)
Selling costs	**(47.2)**	(38.6)
Administration and central costs	**(56.8)**	(50.4)
Share option charges and related social security costs	**(1.1)**	(0.8)
Defined benefit pension plan administration costs	**(0.7)**	(0.5)
Operating profit	**136.2**	102.9

Operating result

Following the record-breaking organic growth levels recorded in 2022, the business saw continued encouraging results at the demand level in 2023, particularly in the first quarter against a relatively weak, pandemic-affected, 2022 comparative, before moderating from April onwards as the comparatives became significantly more challenging. This growth in demand, together with a significant improvement in the supply chain leading to shorter order cycle times, lower order cancellation rates and credits/claims, drove revenue to $1.33bn, an increase of $0.19bn or 16% compared to $1.14bn in 2022.

The gross profit percentage of 30.3% improved markedly from 28.2% in 2022, benefitting from previously implemented price adjustments, improved supplier rebates, more stable product input prices and lower freight costs.

Marketing costs increased to 12% of revenue compared to 11% in 2022, reflecting a return to our usual cycle of continued investment in the testing and refinement of the marketing mix. The revenue per marketing dollar KPI of $8.30 for 2023 (2022: $8.86) represents a material improvement from our pre-pandemic historical norms following the expansion of the brand advertising component of the mix.

Selling, administration and central costs together increased 17% to $104.0m (2022: $89.0m) reflecting planned investment in people, most notably customer service resources, and higher incentive compensation costs in line with trading performance.

The factors outlined above, combined with the financial leverage in the business model, delivered further material uplifts in operating profit to $136.2m (2022: $102.9m) and operating margin to 10.3% (2022: 9.0%).

Foreign exchange

The primary US dollar exchange rates relevant to the Group's 2023 results were as follows:

	2023		2022	
	Year-end	**Average**	Year-end	Average
Sterling	**1.27**	**1.24**	1.20	1.24
Canadian dollars	**0.76**	**0.74**	0.74	0.77

The Group reports in US dollars, its primary trading currency. It also transacts business in Canadian dollars, Sterling and Euros. Sterling/US dollar is the exchange rate most likely to impact the Group's financial performance.

The primary foreign exchange considerations relevant to the Group's operations are as follows:

- Translational risk in the income statement remains low with the majority of the Group's revenue arising in US dollars, the Group's reporting currency.
- Most of the constituent elements of the Group balance sheet are US dollar-based.
- The Group generates cash mostly in US dollars, but its primary applications of post-tax cash are Shareholder dividends, some Head Office costs and, up until the end of July 2023, pension deficit reduction contributions, all of which are paid in Sterling.

As such, the Group's cash position is sensitive to Sterling/US dollar exchange movements. To the extent that Sterling weakens against the US dollar, more funds are available in payment currency to fund these cash outflows.

Share option charges

A total of $1.1m (2022: $0.8m) was charged in the period in respect of IFRS 2 'Share-based Payments'. This was made up of two elements: (i) executive awards under the Deferred Bonus Plan (DBP) and 2015 Incentive Plan; and (ii) charges in respect of employee savings-related share schemes.

Current options and awards outstanding are 78,705 shares under the US Employee Stock Purchase Plan, 10,956 shares under the UK Save As You Earn scheme, and 42,631 shares under the DBP and 2015 Incentive Plan. Awards under the DBP in respect of 2023 are anticipated to be made in late March 2024.

Net finance income

Net finance income for the period was $4.5m (2022: $0.8m). This comprises interest earned on cash deposits, lease interest charges under IFRS 16, and the net income on the defined benefit pension plan assets and liabilities.

Net finance income has increased significantly over 2022 due to improved yields and significant cash deposits, particularly in the US where interest rates rose steadily through 2022 and 2023 in response to economic conditions.

Taxation

The tax charge for the period was $34.5m (2022: $23.6m) giving an effective tax rate of 25% (2022: 23%). The primary component of the charge relates to current tax of $32.1m (2022: $24.0m) on US taxable profits.

Earnings per share

Basic earnings per share increased 32% to 377.9c (2022: 285.6c), reflecting the 33% increase in profit after tax and a weighted average number of shares in issue similar to prior year.

Dividends

Dividends are determined in US dollars and paid in Sterling, converted at the exchange rate on the date that the dividend is declared.

The Board has proposed a final dividend of 150.0c per share (2022: 120.0c) which, together with the interim dividend of 65.0c per share, gives a total paid and proposed regular dividend relating to 2023 of 215.0c per share (2022: 160.0c), an increase of 34% compared to prior year.

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.2818. This results in a final dividend per share payable to Shareholders of 117.0p (2022: 99.2p), which, combined with the interim dividend paid of 50.8p per share, gives a total dividend per share for the period of 167.8p (2022: 132.2p).

The final dividend will be paid on 3 June 2024 to Shareholders on the register at the close of business on 3 May 2024.

Defined benefit pension plan

The Group sponsors a legacy UK defined benefit pension plan (the "Plan") which has been closed to new members and future accrual for several years. The Plan has 122 pensioners and 197 deferred members.

At the end of June 2023, the Trustee of the Plan entered into an agreement with Legal and General Assurance Society Limited to insure substantially all remaining pension benefits of the Plan through the purchase of a bulk annuity policy. The transaction took the form of a buy-in arrangement, with the insurer funding the Plan for the future payment of liabilities. The fair value of the bulk annuity policy matches the liabilities being insured, thus eliminating inflation, interest rate and longevity risks. The premium of £20.7m was settled by the transfer of the Plan's existing investment portfolio valued at £17.5m and a cash amount of £3.2m ($4.1m) paid by the Group.

This buy-in agreement was an investment decision for the Plan, consistent with both the Trustee's overriding objective to enhance the security of the benefits payable to members and the Group's long-term commitment to the full de-risking of its legacy defined benefit pension obligations. As a result of this transaction, the Group ceased to make monthly deficit funding contributions to the Plan from August 2023 but will still fund the ongoing administration costs and settlement of residual liabilities.

At 30 December 2023 the Plan on an IAS 19 basis was in a breakeven position, compared to a surplus of $1.2m at 31 December 2022. Gross Plan assets and liabilities under IAS 19 were both $23.3m. The change in the net IAS 19 Plan position is analysed as follows:

	$m
IAS 19 surplus at 31 December 2022	**1.2**
Company contributions to the Plan	**6.5**
Administration costs paid by the Plan	**(0.5)**
Pension finance income	**0.2**
Return on Plan assets (excluding interest income and impact of buy-in policy)	**(1.1)**
Return on Plan assets (in relation to buy-in policy)	**(4.6)**
Remeasurement losses due to changes in assumptions	**(1.8)**
Exchange gain	**0.1**
IAS 19 surplus at 30 December 2023	**-**

The net IAS 19 surplus reduced by $1.2m in the period. This was mainly the result of a negative return on assets and the net impact of entering the buy-in arrangement discussed above.

A triennial actuarial valuation of the Plan was completed as at 30 September 2022 and this forms the basis of the IAS 19 valuation set out above.

Cash flow

The Group had cash and bank deposits of $104.5m at 30 December 2023, an increase of $17.7m against the 31 December 2022 balance of $86.8m. Cash flow in the period is summarised as follows:

	2023 $m	2022 $m
Operating profit	**136.2**	102.9
Share option charges	**1.1**	0.8
Defined benefit pension administration costs paid by the Plan	**0.5**	0.5
Depreciation and amortisation	**4.7**	4.0
Lease depreciation	**1.7**	1.5
Change in working capital	**29.2**	(8.5)
Capital expenditure	**(9.7)**	(8.0)
Underlying operating cash flow	**163.7**	93.2
Tax and interest	**(29.9)**	(20.1)
Consideration for business combination	**-**	(1.7)
Defined benefit pension plan contributions	**(6.5)**	(4.3)
Proceeds from issue of ordinary shares	**2.4**	-
Own share transactions	**(1.0)**	(0.9)
Capital element of lease payments	**(1.4)**	(1.2)
Exchange and other	**1.2**	(1.1)
Free cash flow	**128.5**	63.9
Dividends to Shareholders	**(110.8)**	(18.7)
Net cash inflow in the period	**17.7**	45.2

The Group generated underlying operating cash flow of $163.7m (2022: $93.2m), a conversion rate of 120% of operating profit (2022: 91%). The high conversion rate is due to the unwinding of the elevated net working capital position from the 2022 year-end driven by the significant improvement in supply chain conditions. Capital expenditure includes investments in our screen-printing operations (machinery and leasehold improvements), embroidery machinery, and the early phases of an extension to our Oshkosh distribution centre due to be completed in 2024.

Free cash flow improved by $64.6m to $128.5m (2022: $63.9m). This is attributable to the excellent trading performance during the period and the much improved net working capital position at the end of 2023 compared to 2022. Dividends to Shareholders includes the 2022 final and special dividends of $93.0m paid in June 2023 and the 2023 interim dividend of $17.8m paid in September 2023.

Balance sheet and Shareholders' funds

Net assets at 30 December 2023 were $134.5m, compared to $140.2m at 31 December 2022. The balance sheet is summarised as follows:

	30 December 2023 $m	31 December 2022 $m
Non-current assets (excluding pension asset)	**51.4**	46.7
Working capital	**(7.9)**	20.8
Cash and bank deposits	**104.5**	86.8
Lease liabilities	**(12.3)**	(13.7)
Pension asset	**-**	1.2
Other assets and liabilities – net	**(1.2)**	(1.6)
Net assets	**134.5**	140.2

Shareholders' funds decreased by $5.7m since 31 December 2022. The main constituent elements of the movement were retained profit in the period of $106.2m, net of equity dividends paid to Shareholders of $110.8m.

The Group had a net negative working capital balance of $7.9m at 30 December 2023 (31 December 2022: net positive balance of $20.8m). The elevated position at 31 December 2022 reflected the effects of global and local supply chain issues, causing a build-up of accrued revenue and inventory on orders being processed. Significant improvements to supply chain conditions in the period have driven the reduction in the working capital balance. This normalised net negative position reflects the strength of our business model, with a high proportion of customers paying for orders by credit card and the diligent payment of suppliers to agreed terms.

Balance sheet funding

The Board is committed to aligning the Group's funding with its strategic priorities. This requires a stable, secure and flexible balance sheet through different economic cycles. The Group will therefore typically remain ungeared and hold a positive cash and bank deposits position.

The Board's funding guidelines are unchanged, and aim to provide operational and financial flexibility:

- To facilitate continued investment in marketing, people and technology through different economic cycles, recognising that an economic downturn typically represents a market share opportunity for the business.
- To protect the ability of the business to act swiftly as growth opportunities arise in accordance with the Group's capital allocation guidelines.
- To underpin a commitment to Shareholders through the maintenance of regular interim and final dividend payments.
- To meet our pension contribution commitments as they fall due.

The quantum of the cash target at each year-end will be influenced broadly by reference to the investment requirements of the business, and the subsequent year's anticipated full-year ordinary dividend and pension payment obligations.

The Board will keep these guidelines under review and is prepared to be flexible if circumstances warrant.

Capital allocation

The Board's capital allocation framework is designed to deliver increasing Shareholder value, driven by the execution of the Group's growth strategy. The Group's capital allocation priorities are:

- **Organic growth investments**
  - Either capital projects or those expensed in the income statement.
  - Market share opportunities in existing markets.
- **Interim and final dividend payments**
  - Increasing broadly in line with earnings per share through the cycle.
  - Aim to at least maintain dividend per share in a downturn.
- **Residual legacy pension funding**
  - Further de-risking initiatives, if viable.
- **Mergers and acquisitions**
  - Not a near-term priority.
  - Opportunities that would support organic growth.
- **Other Shareholder distributions**
  - Quantified by reference to cash over and above balance sheet funding requirement.
  - Special dividends most likely method: other methods may be considered.

Treasury policy

The financial requirements of the Group are managed through a centralised treasury policy. The Group operates cash pooling arrangements for its North American operations. Forward contracts may be taken out to buy or sell currencies relating to specific receivables and payables as well as remittances from overseas subsidiaries. There were no forward contracts open at the year-end or prior year-end. The Group holds most of its cash with its principal US and UK bankers.

The Group has a $20.0m working capital facility with its principal US bank, JPMorgan Chase, N.A. The facility has minimum net income and debt to EBITDA covenants. The interest rate is the Secured Overnight Financing Rate (SOFR) plus 1.6%, and the facility expires on 31 May 2025. In addition, an overdraft facility of £1.0m, with an interest rate of the Bank of England base rate plus 2.0% (or 2.0% if higher), is available from the Group's principal UK bank, Lloyds Bank plc, until 31 December 2024. The Group expects these facilities to be renewed prior to their respective expiry dates.

The Group had cash and bank deposits of $104.5m (2022: $86.8m) at the year-end and has no current requirement or plans to raise additional equity or core debt funding.

Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the application of accounting policies, the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Critical accounting judgments are those judgments, apart from those involving estimations, that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key assumptions and sources of estimation uncertainty are those that have a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year.

Management considers the critical accounting judgments to be in respect of revenue and the purchase of a bulk annuity policy.

A review of internal and external indications of impairment was undertaken in accordance with IAS 36 for both the North American and UK cash-generating units (CGU). This did not lead to formal impairment reviews being undertaken for either CGU.

Going concern

In determining the appropriate basis of preparation of the financial statements for the period ended 30 December 2023, the Directors have considered the Group's ability to continue as a going concern over the period to 28 June 2025.

The Group has modelled its cash flow outlook for the period to 28 June 2025, considering the ongoing uncertainties in the macroeconomic and geopolitical environment. This forecast shows no liquidity concerns or requirement to utilise the Group's undrawn facilities.

The Group has also modelled a downside scenario reflecting severe but plausible downside demand assumptions over a three-year horizon which shows no liquidity concerns or requirement to utilise the Group's undrawn facilities in the going concern period.

Based on their assessment, the Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern from the date the financial statements are approved until 28 June 2025. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

Principal Risks & Uncertainties

The Board recognises that effective risk management and a robust system of internal control are integral components of good corporate governance and are fundamental to the long-term sustainable success of the Group. Risk appetite, the risk management process, and associated mitigating activities and controls are all essential elements of the Group's strategic and operational planning processes.

Risk appetite

4imprint's business model means that it may be affected by numerous risks, not all of which are within its control. The Board seeks to take a balanced approach to the risks and uncertainties that it faces, encouraging an appetite for measured risk-taking that contributes to both the operational agility and innovative culture that it believes is necessary to meet the Group's strategic objectives. That risk appetite is, however, tempered by risk identification, evaluation and management.

Risk management process

The Board has ultimate responsibility for oversight and management of risk and control across the Group. The Audit Committee assists the Board in fulfilling its responsibilities to maintain effective governance and oversight of the Group's risk management and internal controls.

Risks are identified through a variety of sources, including internally from within the Group including the Board, operational and functional management teams and the Group Environmental and Business Risk Management Committees, and externally, to ensure that emerging risks are considered. Risk identification focuses on those risks which, if they occurred, have the potential to have a material impact on the Group and the achievement of its strategic, operational and compliance objectives. Risks are categorised into the following groups: strategic risks; operational risks; reputational risks; and environmental risks.

Management is responsible for evaluating each significant risk and implementing specific risk mitigation activities and controls with the aim of reducing the resulting residual risk to an acceptable level, as determined in conjunction with the Group's risk appetite. The Business Risk Management Committee (BRMC) meets at least three times a year and reviews the consolidated Group risk register and the mitigating actions and controls and provides updates to the Audit Committee on a bi-annual basis. This process is supplemented with risk and control assessments completed by the operating locations and Group function annually.

An internal audit function has been established during the period with the recruitment of an experienced Director of Group Internal Audit in October 2023. This will provide the Group with additional independent assurance over the effectiveness of internal controls, risk management and governance processes.

Emerging risks

The Group's risk profile will continue to evolve as a result of future events and uncertainties. Emerging risks are closely monitored at BRMC meetings to understand the potential impact on the business. Emerging risks that have been discussed over the period include the threat of strike action at our primary parcel delivery partner, the potential risks and opportunities presented by the advancement in artificial intelligence (AI), and potential secondary risks from the impact of sustained high interest rates on our supplier partners.

Fraud risks

A review of our fraud risk framework and a fraud risk assessment was initiated during the period to ensure that the Group's governance, identification, preventative, and detective measures are appropriate to manage this growing threat. Fraud risks are considered alongside other Group risks.

The Board

The Board undertakes a formal review of the Group's principal and emerging risks at least annually, assessing them against the Group's risk appetite and strategic objectives. The Executive Directors will routinely update the Board on urgent emerging issues and principal risks where the residual risk exceeds the Group's risk appetite to allow the Board to determine whether the actions being taken by management are sufficient.

Outlined in Appendix 1 are the current principal risks and uncertainties that would impact the successful delivery of the Group's strategic goals. These are consistent with those disclosed in the prior year. The list is not exhaustive and other, as yet unidentified, factors may have an adverse effect.

Kevin Lyons-Tarr	**David Seekings**
Chief Executive Officer	Chief Financial Officer

12 March 2024

Group Income Statement for the 52 weeks ended 30 December 2023

	Note	**2023 $m**	2022 $m
Revenue	1	**1,326.5**	1,140.3
Operating expenses		**(1,190.3)**	(1,037.4)
Operating profit	1	**136.2**	102.9
Finance income		**4.7**	1.1
Finance costs		**(0.4)**	(0.4)
Pension finance income		**0.2**	0.1
Net finance income		**4.5**	0.8
Profit before tax		**140.7**	103.7
Taxation	2	**(34.5)**	(23.6)
Profit for the period		**106.2**	80.1

		Cents	Cents
Earnings per share			
Basic	3	**377.9**	285.6
Diluted	3	**377.0**	285.0

Group Statement of Comprehensive Income for the 52 weeks ended 30 December 2023

	Note	**2023 $m**	2022 $m
Profit for the period		**106.2**	80.1
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		**1.4**	(1.6)
Items that will not be reclassified subsequently to the income statement:			
Return on pension plan assets (excluding interest income and impact of buy-in policy)		**(1.1)**	(16.4)
Remeasurement loss on pension buy-in policy		**(4.6)**	-
Remeasurement (losses)/gains on post-employment obligations		**(1.8)**	11.9
Tax relating to components of other comprehensive income	2	**2.3**	1.8
Other comprehensive income for the period, net of tax		**(3.8)**	(4.3)
Total comprehensive income for the period, net of tax		**102.4**	75.8

Group Balance Sheet at 30 December 2023

	Note	**2023 $m**	2022 $m
Non-current assets			
Intangible assets		**1.5**	2.0
Property, plant and equipment		**34.7**	29.2
Right-of-use assets		**11.4**	13.1
Deferred tax assets		**3.8**	2.4
Retirement benefit asset	5	**-**	1.2
		51.4	47.9
Current assets			
Inventories		**13.6**	18.1
Trade and other receivables		**68.4**	87.5
Other financial assets – bank deposits		**14.0**	35.0
Cash and cash equivalents		**90.5**	51.8
Corporation tax debtor		**0.4**	-
		186.9	192.4
Current liabilities			
Lease liabilities	6	**(1.4)**	(1.4)
Trade and other payables		**(89.9)**	(84.8)
Current tax creditor		**-**	(1.2)
		(91.3)	(87.4)
Net current assets		**95.6**	105.0
Non-current liabilities			
Lease liabilities	6	**(10.9)**	(12.3)
Deferred tax liabilities		**(1.6)**	(0.4)
		(12.5)	(12.7)
Net assets		**134.5**	140.2
Shareholders' equity			
Share capital		**18.9**	18.8
Share premium reserve		**70.8**	68.5
Other reserves		**5.8**	4.4
Retained earnings		**39.0**	48.5
Total Shareholders' equity		**134.5**	140.2

Group Statement of Changes in Shareholders' Equity for the 52 weeks ended 30 December 2023

	Share capital $m	Share premium reserve $m	Other reserves $m	Retained earnings: Own shares $m	Retained earnings: Profit and loss $m	Total equity $m
Balance at 2 January 2022	18.8	68.5	6.0	(0.8)	(9.5)	83.0
Profit for the period					80.1	80.1
Other comprehensive income						
Currency translation differences			(1.6)			(1.6)
Remeasurement losses on post-employment obligations					(4.5)	(4.5)
Tax relating to components of other comprehensive income (note 2)					1.8	1.8
Total comprehensive income			(1.6)		77.4	75.8
Proceeds from options exercised					0.3	0.3
Own shares utilised				1.1	(1.1)	-
Own shares purchased				(1.2)		(1.2)
Share-based payment charge					0.8	0.8
Deferred tax relating to components of equity (note 2)					0.2	0.2
Dividends (note 4)					(18.7)	(18.7)
Balance at 31 December 2022	18.8	68.5	4.4	(0.9)	49.4	140.2
Profit for the period					**106.2**	**106.2**
Other comprehensive income						
Currency translation differences			**1.4**			**1.4**
Remeasurement losses on post-employment obligations					**(7.5)**	**(7.5)**
Tax relating to components of other comprehensive income (note 2)					**2.3**	**2.3**
Total comprehensive income			**1.4**		**101.0**	**102.4**
Shares issued	**0.1**	**2.3**				**2.4**
Proceeds from options exercised					**0.1**	**0.1**
Own shares utilised				**0.7**	**(0.7)**	**-**
Own shares purchased				**(1.1)**		**(1.1)**
Share-based payment charge					**1.1**	**1.1**
Deferred tax relating to components of equity (note 2)					**0.2**	**0.2**
Dividends (note 4)					**(110.8)**	**(110.8)**
Balance at 30 December 2023	**18.9**	**70.8**	**5.8**	**(1.3)**	**40.3**	**134.5**

Group Cash Flow Statement for the 52 weeks ended 30 December 2023

	Note	**2023 $m**	2022 $m
Cash flows from operating activities			
Cash generated from operations	7	**166.9**	97.0
Tax paid		**(33.8)**	(20.8)
Finance income received		**4.3**	1.1
Lease interest		**(0.4)**	(0.4)
Net cash generated from operating activities		**137.0**	76.9
Cash flows from investing activities			
Purchases of property, plant and equipment		**(10.0)**	(7.7)
Purchases of intangible assets		**-**	(0.3)
Proceeds from sale of property, plant and equipment		**0.3**	-
Consideration for business combination		**-**	(1.7)
Decrease/(increase) in current asset investments – bank deposits		**21.0**	(35.0)
Net cash from/(used in) investing activities		**11.3**	(44.7)
Cash flows from financing activities			
Capital element of lease payments		**(1.4)**	(1.2)
Proceeds from issue of ordinary shares		**2.4**	-
Proceeds from share options exercised		**0.1**	0.3
Purchases of own shares		**(1.1)**	(1.2)
Dividends paid to Shareholders	4	**(110.8)**	(18.7)
Net cash used in financing activities		**(110.8)**	(20.8)
Net movement in cash and cash equivalents		**37.5**	11.4
Cash and cash equivalents at beginning of the period		**51.8**	41.6
Exchange gains/(losses) on cash and cash equivalents		**1.2**	(1.2)
Cash and cash equivalents at end of the period		**90.5**	51.8

Notes to the Financial Statements

General information

4imprint Group plc, registered number 177991, is a public limited company incorporated in England and Wales, domiciled in the UK and listed on the London Stock Exchange. Its registered office is 25 Southampton Buildings, London WC2A 1AL.

The Group presents the consolidated financial statements in US dollars and rounded to $0.1m. Numbers in the financial statements were previously rounded to $'000, however, given the growth of the Group, it is now considered appropriate to round numbers to $0.1m. A substantial portion of the Group's revenue and earnings are denominated in US dollars and the Board is of the opinion that a US dollar presentation gives the most meaningful view of the Group's financial performance and position.

Material accounting policy information

The material accounting policies adopted in the preparation of these financial statements are consistent with those of the annual financial statements for the period ended 31 December 2022, as described in those annual financial statements.

Basis of preparation

This announcement was approved by the Board of Directors on 12 March 2024. The financial information in this announcement does not constitute the Group's statutory accounts for the periods ended 30 December 2023 or 31 December 2022 but it is derived from those accounts. Statutory accounts for 31 December 2022 have been delivered to the Registrar of Companies, and those for 30 December 2023 will be delivered after the Annual General Meeting. The auditor has reported on those accounts. Their reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention in accordance with UK-adopted International Accounting Standards.

New accounting standards applicable for the first time in this reporting period have no impact on the Group's results or balance sheet. Note 2 'Taxation' includes disclosures relating to the impact of Pillar Two income tax legislation in accordance with Amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules).

Environmental risks

In preparing the financial statements, management has considered the impact of environmental risks. Whilst the impact of environmental risks is still developing and therefore all possible future outcomes are uncertain, risks and mitigating actions known to the Group have been considered in forming judgments, estimates and assumptions and in assessing going concern and viability. The main impact of this consisted of the inclusion of cash flows in the forecasts used to assess impairment, going concern and viability for energy and waste reduction initiatives, including a planned extension to the solar array at the Oshkosh distribution centre, and in supporting our product transition for a low carbon economy with the expansion of our Better Choices™ programme. These considerations did not have a material impact on the financial statements.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered: the Group's business activities, together with the principal risks and uncertainties likely to affect its future development, performance and position; the financial position of the Group, its cash flows and liquidity position; and the Group's financial risk management objectives and its approach to managing its exposures to currency, credit, liquidity, and capital risks.

The Group continues to maintain a robust financial position in accordance with its balance sheet funding guidelines, providing it with sufficient access to liquidity to fund its strategic priorities and anticipated dividend payments. At 30 December 2023, the Group had cash and bank deposits of $104.5m, no debt, and undrawn facilities comprising a $20m working capital facility that expires on 31 May 2025 and £1m overdraft facility that expires on 31 December 2024.

In adopting the going concern basis of preparation, the Directors have assessed the Group's cash flow forecasts for the period to 28 June 2025, which reflect current market conditions and incorporate assumptions about demand activity and revenue, gross margins, and marketing productivity.

In forming its outlook over the going concern period, the Directors considered the ongoing uncertainties in the macroeconomic and geopolitical environment, and a variety of potential downsides that the Group might experience, such as a downturn in general economic conditions and a reduction in the effectiveness of key marketing techniques. This forecast shows no liquidity concerns or requirement to utilise the Group's undrawn facilities.

The Group has also modelled a downside scenario reflecting severe but plausible downside demand assumptions over a three-year horizon. This downside scenario assumes:

- A severe demand shock occurs at the start of 2024, like that experienced in 2020 at the start of the pandemic, resulting in revenue for 2024 falling to around 70% of 2023 levels.
- Revenue gradually recovers back towards 2023 levels by the end of 2026.
- Marketing and direct costs flexed in line with revenue, capital expenditure moderated to reflect the reduction in demand, and dividend payments reduced in line with earnings per share.
- Other payroll and overhead costs maintained at 2023 levels with an allowance for inflationary increases to retain capability and capacity to meet the recovery in demand.

Even under the severe stress built into this scenario, the forecast shows no liquidity concerns or requirement to utilise the Group's undrawn facilities in the going concern period. In addition, there are further mitigating actions that the Group could take, including further cutting marketing costs and reducing headcount, that are not reflected in the downside scenario assumptions but would, if required, be fully under the Group's control. Given recent trading and the outlook for the business the Directors consider that, whilst plausible, this scenario reflects a remote outcome for the Group.

Based on their assessment, the Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern from the date the financial statements are approved until 28 June 2025. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the application of accounting policies, the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Critical accounting judgments are those judgments, apart from those involving estimations, that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key assumptions and sources of estimation uncertainty are those that have a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year.

Management considers the following to be the critical accounting judgments and key assumptions and sources of estimation uncertainty:

Critical accounting judgments

Revenue

For most of its product line, the Group operates a 'drop-ship' business model whereby suppliers hold blank inventory, imprint the product and ship directly to customers. In order to determine the amount of revenue to recognise, it is necessary for the Group to make a judgment to assess if it is acting as principal or an agent in fulfilling the performance obligations and promises to customers for these transactions.

The Group has full discretion to accept orders, agrees artwork with the customer, sets the transaction price, selects the suppliers used to fulfil orders, and considers its customer satisfaction promises ('on-time or free', price and quality guarantees) to be integral to meeting its performance obligations.

Accordingly, the Group is of the opinion that it acts as principal in providing goods to customers and recognises the gross amount of consideration as revenue.

Purchase of a bulk annuity policy

During the period, the Trustee of the 4imprint 2016 Pension Plan (the "Plan") exchanged the existing investment portfolio, including a further cash lump sum contribution from the Group, for a bulk purchase annuity policy. This policy insures substantially all the Plan's defined benefit obligations (a buy-in policy). This was an investment decision made in line with the stated objective of further de-risking the Plan's obligations. The Plan retains the legal and constructive obligation to pay the benefits and the Trustee continues to administer the Plan.

Based upon the above, management's judgment was that the purchase of the policy did not constitute a settlement, as defined by IAS 19, and the excess of the cost of the annuity over the IAS 19 valuation of the obligations covered has been recorded in other comprehensive income.

1 Segmental reporting

The Group has two operating segments, North America and UK & Ireland. The costs of the Head Office are reported separately to the Board, but this is not an operating segment.

Revenue	2023 $m	2022 $m
North America	**1,302.6**	1,120.5
UK & Ireland	**23.9**	19.8
Total Group revenue	**1,326.5**	1,140.3

Profit	2023 $m	2022 $m
North America	**141.0**	108.0
UK & Ireland	**0.2**	(0.1)
Operating profit from Direct Marketing operations	**141.2**	107.9
Head Office costs	**(5.0)**	(5.0)
Operating profit	**136.2**	102.9
Net finance income	**4.5**	0.8
Profit before tax	**140.7**	103.7

2 Taxation

Taxation recognised in the income statement is as follows:

	2023 $m	2022 $m
Current tax		
UK tax – current	**2.0**	1.2
Overseas tax – current	**32.1**	24.0
Total current tax	**34.1**	25.2
Deferred tax		
Origination and reversal of temporary differences	**0.4**	(1.5)
Adjustment in respect of prior periods	**-**	(0.1)
Total deferred tax	**0.4**	(1.6)
Taxation	**34.5**	23.6

The tax for the period is different to the standard rate of corporation tax in the respective countries of operation. The differences are explained below:

	2023 $m	2022 $m
Profit before tax	**140.7**	103.7
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**34.6**	25.5
Effects of:		
Adjustments in respect of prior periods	**-**	(0.1)
Expenses not deductible for tax and non-taxable income	**(0.1)**	-
Other differences	**(0.5)**	(0.4)
UK tax losses generated/(utilised) in the period	**0.9**	(0.2)
UK losses recognised for deferred tax	**(0.4)**	(1.2)
Taxation	**34.5**	23.6

'Other differences' includes adjustments in respect of share options, US leases, and pensions.

'UK losses recognised for deferred tax' relates to changes to the deferred tax asset in respect of brought forward UK tax losses which are forecast to be utilised against UK taxable profits over the next three years.

Management does not consider that there are any material uncertain tax positions.

On 20 June 2023 the UK Finance Bill was substantively enacted in the UK, including legislation to implement the OECD Pillar Two income taxes for periods beginning on or after 31 December 2023. The legislation includes an income inclusion rule and a domestic minimum tax, which together are designed to ensure a minimum effective tax rate of 15% in each country in which the Group operates. Similar legislation is being enacted by other governments around the world. The Group has applied the mandatory temporary exception in the Amendments to IAS 12 issued in May 2023 and endorsed in July 2023, and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes and there is no current tax impact on the financial statements for 2023. Based on an assessment of historic data and forecasts for the period ending 28 December 2024, the Group does not expect a material exposure to Pillar Two income taxes for 2024.

Income tax credited/(debited) to other comprehensive income is as follows:

	2023 $m	2022 $m
Current tax relating to post-employment obligations	**2.0**	1.2
Deferred tax relating to post-employment obligations	**(0.7)**	(0.3)
Deferred tax relating to UK tax losses	**1.0**	0.9
	2.3	1.8

Income tax credited to equity is as follows:

	2023 $m	2022 $m
Deferred tax relating to UK tax losses	**0.2**	0.1
Deferred tax relating to share options	**-**	0.1
	0.2	0.2

3 Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period by the weighted average number of shares in issue during the period excluding shares held by the 4imprint Group plc employee benefit trust (EBT). The effect of excluding shares held by the EBT is to reduce the average number by 18,008 (2022: 21,632).

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all potentially dilutive ordinary shares. The share-based payment schemes which are likely to vest at the balance sheet date at a price below the average price of the Company’s ordinary shares are potentially dilutive.

	2023 Number ‘000	2022 Number ‘000
Weighted average number of shares	**28,105**	28,064
Dilutive effect of share-based payments	**66**	61
Diluted weighted average number of shares	**28,171**	28,125
Basic earnings per share	**377.9c**	285.6c
Diluted earnings per share	**377.0c**	285.0c

4 Dividends

Equity dividends – ordinary shares		**2023 $m**	2022 $m
Interim paid:	65.0c (2022: 40.0c)	**17.8**	10.6
Final paid:	120.0c (2022: 30.0c)	**34.9**	8.1
Special paid:	200.0c (2022: nil)	**58.1**	-
		110.8	18.7

The Directors are proposing a final regular dividend in respect of the period ended 30 December 2023 of 150.0c per share, an estimated payment amount of $42.2m. Subject to Shareholder approval at the AGM, this dividend is payable on 3 June 2024 to Shareholders registered on 3 May 2024. These financial statements do not reflect this proposed dividend.

5 Pensions

Defined contribution plans

The Group operates defined contribution plans for its UK and US employees. The regular contributions are charged to the income statement as they are incurred. The charges recognised in the income statement are:

	2023 $m	2022 $m
Defined contribution plans – employers' contributions	**3.1**	2.5

Defined benefit plan

The Group also sponsors a UK defined benefit pension plan (the "Plan") which is closed to new members and future accrual.

The Plan entered a £20.7m buy-in transaction on 27 June 2023 with Legal and General Assurance Society Limited to insure substantially all remaining pension benefits of the Plan through the purchase of a bulk annuity policy. The premium of £20.7m was settled by the transfer of the Plan's existing investment portfolio valued at £17.5m and a cash amount of £3.2m ($4.1m) paid by the Group in July 2023. The difference between the cost of the insurance policy and the IAS 19 accounting value of the liabilities secured was £3.7m ($4.6m) and has been recorded within other comprehensive income.

An actuarial valuation of the Plan was undertaken as at 30 September 2022 in accordance with the funding requirements of the Pensions Act 2004. The actuarial valuation showed a deficit of £2.6m. A recovery plan was agreed with the Trustee under which the Company made deficit contributions over the period between valuation date to July 2023 which fully eliminated the deficit on the technical provisions' basis. Under the Schedule of Contributions, a further Company contribution of £0.2m is due in September 2025 should it be required. However, given that the buy-in contract covers substantially all of the Plan liabilities, the funding position is expected to be stable over the period to the next valuation. The Company also agreed to pay the expenses of running the Plan from 1 July 2023.

The amounts recognised in the income statement are as follows:

	2023 $m	2022 $m
Administration costs paid by the Plan	**0.5**	0.5
Administration costs paid by the Company	**0.2**	-
Pension finance income	**(0.2)**	(0.1)
Total defined benefit pension charge	**0.5**	0.4

The amount recognised in the balance sheet comprises:

	2023 $m	2022 $m
Present value of funded obligations	**(23.3)**	(20.3)
Fair value of the Plan's assets	**23.3**	21.5
Net retirement benefit asset	**-**	1.2

The principal assumptions applied by the actuaries, as determined by the Directors, at each period-end were:

	2023 %	2022 %
Rate of increase in pensions in payment	**2.97**	3.08
Rate of increase in deferred pensions	**2.37**	2.66
Discount rate	**4.57**	4.82
Inflation assumption – RPI	**3.07**	3.16
– CPI	**2.37**	2.66

The mortality assumptions reflect the most recent version of the tables used in the September 2022 triennial valuation. The assumptions imply the following life expectancies at age 65:

	2023	2022
	Years	Years
Male currently aged 45	**21.9**	22.3
Female currently aged 45	**24.0**	24.2
Male currently aged 65	**20.7**	21.3
Female currently aged 65	**22.5**	23.1

6 Leases

The Group leases premises in Oshkosh and Appleton, Wisconsin. The lease for office premises in Oshkosh, which was renewed in 2020, has a five year term with a five year extension option. A lease term of ten years was reflected in calculating the lease liability and right-of-use asset upon renewal in 2020. There has been no significant event or significant change in circumstances since the initial assessment that would require the lease extension option to be reassessed. If the five year extension option was not exercised, the lease liability and right-of-use would reduce by $6.5m as at 30 December 2023.

In addition, there are various items of leasehold land and buildings (mainly office facilities in London) and machinery on short-term leases, and some office equipment with low value. The Group applies the IFRS 16 exemptions for short-term and low-value leases. No leases contain variable payment terms.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023 $m	2022 $m
At start of period	**13.7**	12.0
Additions	**-**	2.9
Interest charge	**0.4**	0.4
Payments	**(1.8)**	(1.6)
At end of period	**12.3**	13.7
Current	**1.4**	1.4
Non-current	**10.9**	12.3

7 Cash generated from operations

	2023 $m	2022 $m
Profit before tax	**140.7**	103.7
Adjustments for:		
Depreciation of property, plant and equipment	**4.3**	3.6
Amortisation of intangible assets	**0.4**	0.4
Depreciation of right-of-use assets	**1.7**	1.5
Loss on disposal of property, plant and equipment	**-**	0.1
Share option charges	**1.1**	0.8
Net finance income	**(4.5)**	(0.8)
Defined benefit pension administration costs paid by the plan	**0.5**	0.5
Contributions to defined benefit pension plan	**(6.5)**	(4.3)
Changes in working capital:		
Decrease in inventories	**4.5**	2.5
Decrease/(increase) in trade and other receivables	**20.0**	(24.2)
Increase in trade and other payables	**4.7**	13.2
Cash generated from operations	**166.9**	97.0

Statement of Directors' responsibilities

Each of the Directors confirm, to the best of their knowledge:

- The financial statements within the full Annual Report & Accounts from which the financial information within this Final Results Announcement has been extracted, have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and undertakings included in the consolidation taken as a whole.
- The Chief Executive's Review and Financial Review, and Principal Risks & Uncertainties include a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Alternative performance measures

An Alternative Performance Measure (APM) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified within IFRS.

The Group uses APMs to supplement standard IFRS measures to provide users with information on underlying trends and additional financial measures, which the Group considers will aid the users' understanding of the business.

Definitions

Underlying operating profit is operating profit before exceptional items. Exceptional items are defined below. These items may be volatile in magnitude and distort the underlying performance measures of the ongoing business. A reconciliation of underlying operating profit to operating profit is shown in note 1 when applicable.

Underlying operating margin % is underlying operating profit divided by total revenue.

Exceptional items are income or costs that are both material and non-recurring.

Underlying profit before tax is defined as profit before tax excluding exceptional items. When applicable, a reconciliation of profit before tax to underlying profit before tax is shown in note 3.

Underlying profit after tax is defined as profit after tax before exceptional items, net of any related tax charges. When applicable, a reconciliation of profit before tax to underlying profit after tax is shown in note 3.

Underlying earnings per share is defined as underlying profit after tax divided by the weighted average number of shares in issue during the financial year. When applicable, the calculation of underlying EPS is shown in note 3.

Revenue per marketing dollar is the total revenue of the Group divided by the total marketing expense of the Group. This provides a measure of the productivity of the marketing expenditure, which is a cornerstone of the Group's organic revenue growth strategy.

Free cash flow is defined as the movement in cash and cash equivalents and other financial assets – bank deposits, before distributions to Shareholders but including exchange gains/(losses) on cash and cash equivalents. It is a measure of cash available for allocation in line with the Group's capital allocation policy:

	2023	2022
	$m	$m
Net movement in cash and cash equivalents	**37.5**	11.4
Add back: (Decrease)/increase in current asset investments – bank deposits	**(21.0)**	35.0
Add back: Dividends paid to Shareholders	**110.8**	18.7
Less: Exchange gains/(losses) on cash and cash equivalents	**1.2**	(1.2)
Free cash flow	**128.5**	63.9

Cash conversion is defined as the percentage of underlying operating cash flow to underlying operating profit and is provided as a measure of the efficiency of the Group's business model to generate cash.

Return on average capital employed is defined as underlying profit before tax divided by the simple average of opening and closing non-current assets, excluding deferred tax and retirement benefit assets, plus net current assets and non-current lease liabilities. This is given to show a relative measure of the Group's efficient use of its capital resources.

Capital expenditure is defined as purchases of property, plant and equipment and intangible assets, net of proceeds from the sale of property, plant and equipment. These numbers are extracted from the cash flows from investing activities shown in the Group cash flow statement.

	2023	2022
	$m	$m
Purchase of property, plant and equipment	**(10.0)**	(7.7)
Purchases of intangible assets	**-**	(0.3)
Proceeds from sale of property, plant and equipment	**0.3**	-
Capital expenditure	**(9.7)**	(8.0)

Underlying operating cash flow is defined as cash generated from operations, before pension contributions, less capital expenditure. This reflects the cash flow directly from the ongoing business operations. This is reconciled to IFRS measures as follows:

	2023	2022
	$m	$m
Cash generated from operations	**166.9**	97.0
Add back: Contributions to defined benefit pension plan	**6.5**	4.3
Less: Loss on disposal of property, plant and equipment	**-**	(0.1)
Less: Purchases of property, plant and equipment and intangible assets	**(10.0)**	(8.0)
Add: Proceeds from sale of property, plant and equipment	**0.3**	-
Underlying operating cash flow	**163.7**	93.2

Cash and bank deposits is defined as cash and cash equivalents and other financial assets – bank deposits. This measure is used by the Board to understand the true cash position of the Group when determining the potential uses of cash under the balance sheet funding and capital allocation policies. This is reconciled to IFRS measures as follows:

	2023	2022
	$m	$m
Other financial assets – bank deposits	**14.0**	35.0
Cash and cash equivalents	**90.5**	51.8
Cash and bank deposits	**104.5**	86.8

Appendix 1

STRATEGIC RISKS

Macroeconomic conditions		
Risk and description		
The Group conducts most of its operations in North America and would be affected by a downturn in general economic conditions in this region or negative effects from tension in international trade. In previous economic downturns the promotional products market has typically softened broadly in line with the general economy.		
Strategic relevance	**Mitigation**	**Direction**
• Customer acquisition and retention could fall, impacting revenue in current and future periods. • The growth and profitability levels called for in the Group's strategic plan may not be achieved. • Cash generation could be reduced broadly corresponding to a reduction in profitability.	• Management monitors economic and market conditions to ensure that appropriate and timely adjustments are made to marketing and other budgets. • The customer proposition in terms of promotions, price, value, and product range can be adjusted to resonate with customer requirements and budgets in changing economic climates. • The Group's balance sheet funding policy provides operational and financial flexibility to facilitate continued investment in the business through different economic cycles.	• A challenging macroeconomic and geopolitical environment continues to cause uncertainty in our North American and UK markets, posing downside risks to general economic conditions and growth. • Whilst product cost inflation has eased over the period to a more manageable level, persistent inflationary pressures could further drive up product, transportation and labour costs. **Unchanged**

<table>
<tr><th colspan="3">Markets and competition</th></tr>
<tr><td colspan="3">Risk and description</td></tr>
<tr><td colspan="3">The promotional products markets in which the business operates are intensely competitive. New or disruptive business models, potentially facilitated or accelerated by emerging technology and AI, looking to break down our industry’s prevailing distributor/supplier structure may become a threat. Buying groups and online marketplaces may allow smaller competitors access to improved pricing and services from suppliers. Private equity interest in the promotional products industry has increased in recent years, offering potential funding for existing competitors or new entrants.</td></tr>
<tr><th>Strategic relevance</th><th>Mitigation</th><th>Direction</th></tr>
<tr><td>Aggressive competitive activity or a disruptive new model could result in pressure on prices, margin erosion and loss of market share, impacting the Group’s financial results.
The Group’s strategy based on achieving organic revenue growth in fragmented markets may need to be reassessed.
Customer acquisition and retention could fall, impacting revenue in current and future periods.</td><td>Service level, price and satisfaction guarantees are an integral part of the customer proposition. Negative or changing customer feedback is investigated and addressed rapidly. Customers are surveyed regularly to monitor changing customer interests and perceptions.
Merchandising and supply chain teams have extensive experience in rapidly adapting the product range to meet evolving consumer demand.
Our aim is to position the business at the forefront of innovation in the industry, driven by an open-minded culture that is customer-focused, embraces collaborative supplier relationships, and has an appetite for emerging technology.
Management closely monitors competitive activity in the marketplace including periodic market research studies.</td><td>The competitive landscape to date has been relatively consistent on the distributor side in our main markets.
Unchanged</td></tr>
</table>

Effectiveness of key marketing techniques and brand development

Risk and description

The success of the business relies on its ability to attract new and retain existing customers through a variety of marketing techniques. These methods may become less effective as follows:

- **TV/Video/Brand:** Fluctuations in available inventory may cause the price of this technique to increase beyond our acceptable thresholds. The evolving nature of how consumers access this type of content could change our ability to effectively access our audience.
- **Online:** Search engines are an important source for channelling customer activity to 4imprint's websites. The efficiency of search engine marketing could be adversely affected if the search engines were to modify their algorithms or otherwise make substantial changes to their practices, for example to benefit from the use of emerging technology and AI, and the Group was unable to respond and adapt to these rapid changes.
- **Offline:** The flow of print catalogues and sample packages would be disrupted by the incapacity of the US Postal Service to make deliveries, for example due to natural disasters or labour activism. Pandemic conditions that lead to increased levels of people working from remote locations may diminish the effectiveness of this technique.

The evolving landscape around consumer data privacy preferences and data privacy legislation potentially affects all marketing techniques if it compromises our ability to access and analyse customer information or results in any adverse impacts to our brand image and reputation.

Strategic relevance	Mitigation	Direction
• If sustained over anything more than a short time period, an externally driven decrease in the effectiveness of key marketing techniques would cause damage to the customer file as customer acquisition and retention fall. This would affect order flow and revenue in the short term and the productivity of the customer file over a longer period, impacting growth prospects in future years. • Restrictive data privacy legislation or changes in consumer demands around data privacy could decrease the yield on our marketing activities and might increase compliance costs and the possibility of lawsuits.	• **TV/Video/Brand:** Given that this is the newest element of our marketing portfolio, our utilisation of this technique is still at a relatively early stage of its development, allowing for a high degree of flexibility. • **Online:** Management stays very close to evolving technological developments and emerging platforms in the online space. Efforts are focused on anticipating changes and ensuring compliance with both the requirements of providers and applicable laws. An appetite for technological innovation is encouraged by the business. • **Offline:** Developments in the US Postal Service are closely monitored through industry associations and lobbying groups. Alternative parcel carriers are continuously evaluated. • Data privacy requirements and consumer data preferences are monitored closely and assessed.	• Marketing diversification continues via the successful expansion of the brand component in the marketing portfolio. • Much of the offline/print budget has been redeployed towards investment in brand marketing activities. • The business has significantly reduced the amount of data it shares, increasingly relying on first party data. **Unchanged**

OPERATIONAL RISKS

Business facility disruption

Risk and description

The 4imprint business model means that operations are concentrated in centralised office, distribution and production facilities. The performance of the business could be adversely affected if activities at one of these facilities were to be disrupted, for example, by pandemic, fire, flood, loss of power or internet/telecommunication failure.

Strategic relevance	Mitigation	Direction
• The inability to service customer orders over any extended period would result in significant revenue loss, deterioration of customer acquisition and retention metrics and diminished return on marketing investment. • A significant portion of our apparel orders are embroidered in-house at our distribution centre, therefore disruption at this facility would impact our ability to fulfil these orders. • The Group's reputation for excellent service and reliability may be damaged.	• Back-up and business continuity infrastructure is in place to ensure the risk of customer service disruption is minimised. • Websites are cloud-based, and data is backed up continuously to off-site servers. • Relationships are maintained with third party embroidery contractors to provide an element of back-up in the event of facility unavailability. • Our recently acquired screen-printing operations have been located separately to our existing distribution centre to diversify the risk of disruption to our facilities. • A significant proportion of our office and customer service staff can work from home, mitigating some risk should offices become unavailable.	• There have been no significant changes to the operations of the Group over the period which materially change the nature or likelihood of this risk. **Unchanged**

Domestic supply and delivery

Risk and description

As a consequence of the Group's 'drop-ship' distribution model, trading operations could be interrupted if: (i) the activities of a key supplier were disrupted and it was not possible to source an alternative supplier in the short-term; (ii) a key supplier's own supply chain is compromised by 'force majeure' events in the country of original product manufacture, for example natural disasters, social/political unrest or pandemic; or (iii) the primary parcel delivery partner used by the business suffered significantly degraded service levels. As the Group continues to grow, the volume of orders placed with individual suppliers becomes significant.

Strategic relevance	Mitigation	Direction
• Inability to fulfil customer orders would lead to lost revenue and a negative impact on customer acquisition and retention statistics. • The Group's reputation for excellent service and reliability may be damaged, leading to potential erosion of the value built up in the 4imprint brand.	• A rigorous selection process is in place for key suppliers, with evaluation and monitoring of quality, production capability and capacity, ethical standards, financial stability and business continuity planning. • Very close relationships are maintained with key suppliers, including a detailed shared knowledge of the supply end of the value chain, allowing swift understanding of and appropriate reaction to events. • Wherever possible, relationships are maintained with suitable alternative suppliers for each product category. • Secondary relationships are in place with alternative parcel carriers.	• Supply chain conditions, initially disrupted by the impact of the pandemic and later compounded by challenges in the recruitment of staff by both the Group and our supply partners, have improved significantly over the period. This has led to shorter order cycle times, lower order cancellations and a significant reduction to the elevated working capital position from the prior year-end arising from a build-up of accrued revenue and inventory on orders in process. • The risk of strikes at our primary parcel delivery partner has been averted following the ratification of a new five-year contract by UPS workers. **Decreased**

Failure or interruption of information technology systems and infrastructure		
Risk and description		
The business is highly dependent on the efficient functioning of its IT infrastructure. An interruption or degradation of services, including from a malicious cyber attack, would affect critical order processing systems and thereby compromise the ability of the business to deliver on its customer service proposition.		
Strategic relevance	**Mitigation**	**Direction**
• In the short term, orders would be lost and delivery deadlines missed, decreasing the efficiency of marketing investment and impacting customer acquisition and retention. • Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of a major IT failure. • Depending on the severity of the incident, longer-term reputational damage could result.	• There is continuous investment in both the IT team supporting the business and the hardware and software system requirements for a stable and secure operating platform. • Back-up and recovery processes are in place, including immediate replication of data to an alternative site, to minimise the impact of information technology interruption. • Cloud-based hosting for eCommerce and elements of back-office functionality. • IT infrastructure in place to support working from home for our office-based team members.	• The IT platform is mature, and performance has been efficient and resilient. • Investment in home working capability has been successful and is a stable part of the overall IT solution. **Unchanged**

REPUTATIONAL RISKS

Cyber threats

Risk and description

Malware, ransomware and other malicious cyber threats can lead to system failure and/or unauthorised access to and misappropriation of customer data, potentially leading to reputational damage and loss of customer confidence. This is a rapidly changing environment, with threats from new technology emerging on an almost daily basis.

Strategic relevance	Mitigation	Direction
• Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of system compromise. • A significant security breach could lead to litigation and losses, with a costly rectification process. In addition, it might be damaging to the Group's reputation and brand. • An event of this nature might result in significant expense, impacting the Group's ability to meet its strategic objectives.	• The business employs experienced IT staff whose focus is to identify and mitigate IT security vulnerabilities. • Investment in software and other resources in this area continues to be a high priority. • Technical and physical controls are in place to mitigate unauthorised access to customer data and there is an ongoing investment process to maintain and enhance the integrity and efficiency of the IT infrastructure and its security. • Due to the ever-evolving nature of the threat, emerging cyber risks are addressed by the IT security team on a case-by-case basis. • Third party cyber security consultants are employed as and when appropriate.	• The expected frequency, sophistication and publicity of attacks continues to increase. Accordingly, we continue to invest in expertise and technical solutions, controls and security reviews to counter the increasing external risks. **Unchanged**

Supply chain compliance and ethics		
Risk and description		
Our business model relies on direct (Tier 1) and indirect (Tier 2 and 3) relationships with suppliers located both within our primary markets and at overseas locations. 4imprint has for many years had very high ethical expectations for supply chain compliance, but there is always a risk that our wider supply chain partners may, from time to time, not comply with our standards or applicable local laws.		
Strategic relevance	**Mitigation**	**Direction**
• Significant or continuing non-compliance with such standards and laws could result in serious damage to our reputation and brand image. • This could have an adverse effect on our ability to acquire and retain customers and therefore our longer-term revenue prospects and financial condition.	• Key Tier 1 suppliers must commit to cascading our ethical sourcing expectations down to their Tier 2 and Tier 3 supply chain partners. • Specifically, we require our suppliers to comply with our supplier compliance documentation, including the '4imprint Supply Chain Code of Conduct' and the '4imprint Factory & Product Compliance Expectations' document. • We are active in promoting audit coverage of our supply chain at many levels, and in ensuring that product safety and testing protocols are adequate and up to date.	• Our supplier compliance programme is well established. • Whilst visits to, and audits of, both domestic and overseas suppliers have returned to more normalised levels, challenges in visiting certain locations persist. **Unchanged**

Legal, regulatory and compliance		
Risk and description		
We are subject to, and must comply with, extensive laws and regulations, particularly in our primary US market, including those relating to data privacy legislation.		
Strategic relevance	**Mitigation**	**Direction**
• If we or our employees, suppliers and other partners fail to comply with any of these laws or regulations, such failure could subject us to fines, sanctions or other penalties that could negatively affect our brand, reputation and financial condition.	• Consultation with subject matter experts, specialist external legal advisers and Government agencies as appropriate. • US General Counsel recruited during 2022 and additional resources committed to strengthen our in-house capabilities.	• Obligations continue to be complied with and monitored. **Unchanged**

ENVIRONMENTAL RISKS

Climate change

Risk and description

Climate change potentially affects our operations, facilities, supply chain, team members, communities and our customers in a variety of ways. As such, it presents a multitude of risks to the business and threatens our ability to achieve our strategic objectives.

Strategic relevance	Mitigation	Direction
• Extreme weather-related events that impact our customers and/or our suppliers can have ‘episodic’ negative impact on revenue, customer acquisition and retention, and they can also cause increases to our product and distribution costs. Some of our suppliers are located in geographic areas that are subject to increased risk of these events in the long term. • Further, in the medium term, if the business is not seen to be taking deliberate and tangible actions to reduce its GHG emissions, the Group’s reputation and brand may be damaged.	• The flexible nature of our ‘drop-ship’ model allows for relatively rapid adjustment to episodes of extreme weather. The business has very low customer concentration which helps mitigate an element of the risk as well. • The business became ‘carbon neutral’ in 2021 in respect of Scopes 1 and 2 and meaningful elements of Scope 3, a year earlier than originally targeted. • Our solar array project at the Oshkosh distribution centre became fully operational during 2022, significantly increasing the portion of the Group’s power requirements generated from renewable sources. • Management is actively monitoring and measuring progress towards further environmental goals, most notably further GHG reductions in Scopes 1 and 2 and meaningful elements of Scope 3.	• There remains a global sense of urgency in relation to climate change. As such, the risks in this area remain elevated, albeit they are considered to have been stable over the period. **Unchanged**

Products and market trends		
Risk and description		
The transition to a low carbon economy may lead to changing product trends or consumer preferences that render certain products undesirable or obsolete whilst increasing demand for others.		
Strategic relevance	**Mitigation**	**Direction**
• Failure to anticipate accurately, and respond to, trends and shifts in consumer preferences by adjusting the mix of existing product offers may lead to lower demand for our products, impacting our market position and ability to generate revenue growth.	• Our merchandising teams actively collaborate with our suppliers to continuously curate our range of products to adapt to and meet the needs and tastes of our customers. • Our Better Choices™ initiative has been launched to highlight promotional products that have sustainable attributes, giving our customers the ability to research product attributes and supplier standards and certifications related to sustainability, environmental impact, workplace culture and more. • Additional resources have been committed to strengthen our sustainability team and assist in delivering our initiatives in this rapidly evolving area.	• The transition to a low carbon economy is driving changes in consumer preferences towards sustainable products. • However, the fact that most of the products in our broad range are also sold unbranded in the retail setting, and with an increasing number of products being 'tagged' with our Better Choices™ designation, the pace of the transition towards sustainable choices is likely to remain quite manageable. **Unchanged**