5 March 2019

4imprint Group plc
Final results for the period ended 29 December 2018

4imprint Group plc (the "Group"), the leading direct marketer of promotional products, today announces its final results for the 52 weeks ended 29 December 2018.

Highlights

Financial	2018 $m	2017 (restated)† $m	Change
Revenue	**738.42**	627.52	+18%
Underlying* profit before tax	**45.59**	41.91	+9%
Profit before tax	**44.15**	40.66	+9%
Underlying* basic EPS (cents)	**129.77**	106.74	+22%
Basic EPS (cents)	**125.61**	103.15	+22%
Proposed total dividend per share (cents)	**70.00**	58.10	+20%
Proposed total dividend per share (pence)	**53.15**	42.58	+25%
Supplementary dividend (cents)	**-**	60.00	-
Supplementary dividend (pence)	**-**	43.17	-

* Underlying is before defined benefit pension charges and exceptional items.
† Underlying has been restated to include share option charges.

Operational

- Organic revenue growth
  - Revenue + $110.9m (+18%)
  - 1,389,000 total orders processed (+17%)
  - 279,000 new customers acquired; stable retention rates
- Execution of Group strategy
  - Brand awareness initiative successfully launched in 2018
  - Ahead of plan to hit revenue target of $1bn by 2022
  - $5m capital investment in Oshkosh distribution centre in 2019
- Financial discipline
  - Cash balance $27.5m at year-end
  - 20% increase in regular dividend

Paul Moody, Chairman said:

"Our business model is highly focused and our market opportunity remains substantial. The successful initial execution of the brand building initiative in 2018 leaves the Group in a good position to meet its strategic goals. Trading results in the first few weeks of 2019 have been encouraging."

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Chairman's Statement

2018 was a memorable year for 4imprint. The Group's operational and financial performance represents substantial progress towards our target of achieving $1bn in Group revenue by 2022.

Group revenue in 2018 was $738.4m, an increase of 18% over the prior year comparative of $627.5m. Consistent with our strategy, all of this revenue growth was organic. Underlying operating profit before tax was $45.6m, 9% higher than 2017. This financial performance is particularly rewarding given that we had positioned 2018 as an 'investment' year, initially guiding towards a revenue growth percentage in the low teens and underlying operating profit essentially flat against 2017.

This time last year we announced an exciting new project to heighten the awareness and strength of the 4imprint brand. Our plan involved significant incremental expenditure on different marketing techniques, including the integration of traditional broadcast media such as TV and radio into our overall marketing portfolio. The results so far from the brand development programme have exceeded our expectations, with tangible and immediate gains in customer order activity contributing directly to the Group's strong financial performance.

Order volumes increased sharply in the second quarter of the year, stretching our customer service and back office resource. In typical fashion, our team members responded to the challenge with a relentless focus on the detail of every order. I would like to express the Board's appreciation and thanks to each member of our highly professional team for their efforts both during this period and throughout the year. We are also grateful to our supplier partners whose support was invaluable at this time of rapid growth.

Profit before tax at $44.1m was up 9% over prior year. Profit after tax of $35.2m improved by 22% over 2017, driven principally by the beneficial effects of US tax reform. Accordingly, basic earnings per share rose by 22% to 125.61c.

Our business model is highly cash-generative and consequently the Group remains well financed, with a 2018 year-end cash balance of $27.5m, (2017: $30.8m), even after absorbing the payment in May 2018 of a supplementary dividend amounting to $16.3m.

In view of the Group's sustained growth trajectory, the Board has accelerated by a year further planned expansion at its distribution centre in Oshkosh, Wisconsin. The capital cost in 2019 will be around $5m.

At the half-year the Board declared an interim dividend per share of 20.80c, an increase of 15% over 2017. In view of the Group's performance in the second half of the year and in line with our balance sheet funding and capital allocation guidelines, the Board is pleased to recommend a final dividend per share of 49.20c, an increase of 23%, giving a total paid and proposed 2018 regular dividend of 70.00c, up 20% over prior year.

Outlook

Our business model is highly focused and our market opportunity remains substantial. The successful initial execution of the brand building initiative in 2018 leaves the Group in a good position to meet its strategic goals. Trading results in the first few weeks of 2019 have been encouraging.

Paul Moody

Chairman

5 March 2019

Chief Executive's Review

Revenue	2018 $m	2017 $m	
North America	**714.56**	608.00	+18%
UK and Ireland	**23.86**	19.52	+22%
Total	**738.42**	627.52	+18%

Underlying* operating profit	2018 $m	2017 (restated)† $m	
Direct Marketing operations	**49.63**	45.64	+9%
Head Office	**(3.45)**	(3.06)	+13%
Share option related charges	**(0.82)**	(0.55)	+49%
Underlying operating profit	**45.36**	42.03	+8%
Operating profit	**44.32**	41.28	+7%

Underlying profit is included because the Directors consider this gives a measure of the underlying performance of the ongoing business.

* Underlying is before defined benefit pension charges and exceptional items.

† Underlying has been restated to include share option charges.

2018 was a successful year for the Group.

Twelve months ago, we set out our plan to make a significant new marketing investment. This involved the addition of a brand component, principally TV and radio, to our marketing portfolio. Our aim was to extend our reach by cultivating awareness of the 4imprint brand as 'the' source for promotional products. We had performed extensive research to identify our target customer and their needs, and to analyse 4imprint's competitive position in the market. As a result, we were confident in our direction, but uncertain of the timeframe over which brand-based advertising would produce meaningful revenue benefits. In addition, we were careful to point out that this investment would be incremental and as such would not involve a re-allocation of funds away from our existing, proven marketing engine. In consequence, we guided to 2018 numbers showing continued revenue growth but flat year-on-year operating profit to reflect the investment phase of this new initiative.

The Group's actual performance in 2018 exceeded these early expectations. Beginning in March 2018, this evolution of our strategy produced immediate and tangible gains, including material increases in both direct website traffic and in online searches/interest in "4imprint". This produced considerable momentum in the customer file, leading to financial results ahead of our original projections.

279,000 new customers were acquired across the Group in 2018, driving orders from new customers up 14% over prior year (compared to an increase of 5% in 2017). Orders from existing customers increased over 2017 by 19% (prior year comparative 16%) including important early signs that the change in the marketing mix is yielding customers with retention characteristics conforming to our target customer 'sweet spot'. In total our customer service teams processed 1,389,000 individually customised and usually time-sensitive orders, an increase of 17% over 2017.

Our North American business enjoyed robust trading throughout the year, particularly after the launch of the brand marketing programme in March 2018. Our presence continues to expand in the US and Canadian markets, which are both serviced from a central office in Oshkosh, Wisconsin. Revenue growth over prior year was 18%, compared to estimated total industry growth of about 5%.

Our UK business, based in Manchester, also delivered an excellent result. Revenue was up 22% over prior year, benefitting from some exchange rate impact but still up a healthy 18% in Sterling.

The Group aggregate gross margin percentage in 2018 was consistent throughout the year at around 0.7% lower than 2017. At the half-year we reported that various factors contributed to this, including the impact of a rapid increase in order volumes after the launch of the branding campaign. This placed some strain on our operational capacity and supplier/delivery arrangements, resulting in elevated levels of expedited freight costs and other credits/adjustments made to ensure that we were able to deliver on our promise of excellent service. These operational factors were largely addressed by mid-year. A similar margin percentage effect was felt in the second half, driven principally by stronger than anticipated order volume in the already rapidly growing apparel category, where margins are typically lower than average. This shift in mix towards the apparel category and also within that category towards higher value items resulted in most of the margin movement in the second half. Overall, our approach to pricing has not changed, and we expect that our gross margin percentage will stabilise in 2019.

Revenue per marketing dollar was $5.63 in 2018 compared to $5.67 in 2017. Given the investment in brand marketing in the year this is a very satisfactory result, equipping us with a broader base and more flexibility to adjust the balance within the marketing portfolio moving forward.

Underlying operating profit, excluding Head Office expenses and share option related charges, increased over prior year by $4.0m to $49.6m, a 9% increase. This is lower than the percentage increase in revenue, reflecting the incremental brand advertising expense and a slightly lower gross margin percentage, offset by some gearing effect from selling costs and other overheads in the trading businesses rising at a rate lower than the increase in revenue.

Head office costs rose by 13% compared to 2017, with the increase accounted for largely by incentive compensation and exchange effects on costs incurred in Sterling.

Share option related expense increased by 49%, driven by enrollment in our popular employee share option (SAYE or US equivalent) plans and executive awards made under the 2015 Incentive Plan.

Overall, the Group underlying operating margin percentage for 2018 was 6.14%, compared to 6.70% in 2017. In the context of the marketing investment made in 2018 and the delivery of underlying operating profit $3.3m higher than our original expectations for the year, we are happy with this result. We enter 2019 as a much larger business with a fundamentally strengthened array of tools and techniques with which to drive further organic growth.

In contemplation of further revenue growth, we have accelerated by a year a planned expansion of our distribution centre in Oshkosh. Construction work has already commenced and should be completed by mid-year 2019, at a capital cost of around $5m. Our business model remains highly cash-generative and the project will be financed out of in-year cash flow.

The markets in which we operate are fragmented and our share is still small. Our strategic goal of achieving $1bn in revenue by 2022 is firmly in sight.

Financial Review

	2018 Underlying* $m	2017 Underlying* (restated)† $m	**2018 Total $m**	2017 (restated)† Total $m
Underlying operating profit	**45.36**	42.03	**45.36**	42.03
Exceptional items			**(0.72)**	(0.46)
Defined benefit pension charges			**(0.72)**	(0.79)
Net finance income/(expense)	**0.23**	(0.12)	**0.23**	(0.12)
Profit before tax	**45.59**	41.91	**44.15**	40.66

* Underlying is before defined benefit pension charges and exceptional items.

† Underlying has been restated to include share option charges.

Operating result

Group revenue in 2018 was $738.42m (2017: $627.52m), a year-over-year increase of 18%. Underlying operating profit before tax was $45.59m (2017: $41.91m), 9% higher than prior year.

IFRS15 ‘Revenue from Contracts with Customers’, was implemented from the start of the accounting period. The resulting adjustments have a minimal impact on the full year financial results of the Group, reducing revenue by $1.2m and operating profit by $0.3m. The impact for 2017 would have been $0.7m revenue reduction and $0.2m operating profit reduction. We therefore chose the transition option of an opening net equity adjustment over the restatement of prior periods. This resulted in a reduction in net equity of $1.0m.

In prior results announcements we excluded share option related charges from our definition of underlying operating profit. On the basis that share-based payments are now relatively stable and relate directly to the continuing operations of the Group, we have decided to change our presentation to include these charges within underlying operating profit. The relevant comparatives have been restated.

Foreign exchange

The primary US dollar exchange rates relevant to the Group's 2018 results were as follows:

	2018		2017	
	Period end	**Average**	Period end	Average
Sterling	**1.27**	**1.34**	1.35	1.29
Canadian dollars	**0.73**	**0.77**	0.80	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:

- 97% of the Group's revenue is in US dollars, the Group's reporting currency, hence translational risk in the income statement is low. The net impact on the 2018 income statement from trading currency movements was not material to the Group's results.
- Most of the constituent elements of the Group balance sheet are US dollar-based. The main exception is the Sterling-based defined benefit pension liability. Currency movements produced an exchange gain on the pension liability in the year of $1.0m.
- The Group's business model is characterised by strong cash generation, mostly in US dollars. However its primary applications of post-tax cash are Shareholder dividends, pension contributions and some Head Office costs, all of which are paid in Sterling. As such, the Group's cash position is sensitive to Sterling/US dollar exchange movements. By way of example, using actual exchange rates, the weakening of Sterling against the US dollar during 2018 meant that every US$1m converted to Sterling was worth around £48,000 more at the 2018 closing rate compared to the 2017 closing rate.

Share option charges

A total of $0.82m (2017: $0.55m) was charged in the year in respect of IFRS 2 'Share-based Payments'. This was made up of elements from: (i) executive awards made under the 2015 Incentive Plan; (ii) charges relating to the 2016 UK SAYE and the 2016 US ESPP plans; and (iii) options granted under the 2018 US ESPP plan.

Current options and awards outstanding are 133,366 shares under the UK SAYE and US ESPP plans and 55,481 shares under the 2015 Incentive Plan. Awards under the 2015 Incentive Plan in respect of 2018 are anticipated to be made in late March 2019.

Exceptional items

An exceptional item of $0.72m was charged in the year. This related to past service costs resulting from Guaranteed Minimum Pension equalisation in our defined benefit pension scheme following the Lloyds case (see note 2). In 2017 $0.46m was charged to exceptional items relating to a pension risk reduction project that has now been completed.

Net finance income

Net finance income for the year was $0.23m (2017: expense of $0.12m). The year-over-year positive swing of $0.35m reflects lower non-utilisation fees on committed lines of credit and improving yields on cash deposits.

Taxation

The tax charge for the year was $8.95m (2017: $11.73m), giving an effective tax rate of 20% (2017: 29%). The charge comprised current tax of $8.17m, representing tax payable in the USA, and a deferred tax charge of $0.78m. The material decrease in overall rate between years was due principally to significant changes in the US federal corporate tax rate following US tax reform legislation enacted in December 2017.

The tax charge relating to underlying profit before tax was $9.23m (2017: $11.97m), an effective tax rate of 20% (2017: 29%).

Earnings per share

Underlying basic earnings per share was 129.77c, (2017: 106.74c), an increase of 22%. This reflects the 9% increase in underlying profit before tax, amplified by the beneficial effect of US tax reform on the Group's effective tax rate, with a substantially similar weighted average number of shares in issue compared to 2017.

Basic earnings per share was 125.61c (2017: 103.15c), also an increase of 22%.

Dividends

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

The Board has proposed a final dividend of 49.20c (2017: 40.00c) which, together with the interim dividend of 20.80c, gives a total paid and proposed regular dividend relating to 2018 of 70.00c, an increase of 20% compared to prior year.

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.319 (2017: £1.00/$1.390). This results in a final dividend payable to Shareholders of 37.30p (2017: 28.78p), which, combined with the interim dividend paid of 15.85p, gives a total dividend for the year of 53.15p, an increase of 25% compared to prior year.

The final dividend will be paid on 15 May 2019 to Shareholders on the register at the close of business on 5 April 2019.

Defined benefit pension plan

The Group sponsors a legacy defined benefit pension plan which has been closed to new members and future accruals for many years. This plan is the successor arrangement to the previous, much larger defined benefit scheme which was successfully de-risked and wound-up in December 2017. The new plan has equivalent benefits to the previous scheme, and currently has 95 pensioners and 292 deferred members.

At 29 December 2018, the net deficit of the plan on an IAS 19 basis was $15.02m, compared to $18.11m at 30 December 2017. At 29 December 2018 gross scheme liabilities under IAS 19 were $33.10m, and assets were $18.08m.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 31 December 2017	**(18.11)**
Company contributions to the scheme	**3.93**
Pension administration costs	**(0.32)**
Pension costs – exceptional	**(0.72)**
Pension finance charge	**(0.40)**
Re-measurement loss due to changes in assumptions and return on assets	**(0.37)**
Exchange gain	**0.97**
IAS 19 deficit at 29 December 2018	**(15.02)**

The net liability reduced by $3.09m in the year, driven primarily by employer's contributions of $3.93m. Return on assets was below expectations, but was largely offset by improving financial assumptions and an exchange gain. In Sterling, the net deficit decreased by £1.57m in the year to £11.83m.

A full actuarial valuation was performed in respect of the plan in September 2016. Following this valuation a new deficit recovery contribution schedule was agreed with the Trustee. Under this agreement, contributions of £2.25m per annum were payable by the Company. These contributions commenced on 1 July 2017, and rise by 3% per annum, with the first increase applied in July 2018. The agreement is for a period of 5 years 7 months until 31 January 2023, at which point the funding shortfall is expected to be eliminated. In addition, and consistent with previous practice, an annual allowance of £0.25m will be paid to the Plan towards the costs of its administration and management.

Additionally, the Company is committed to funding agreed transfer values out of the Plan, at a funding rate of 50% of the transfer value. $0.56m was paid in 2018 in respect of transfers out of the Plan.

Cash flow

The Group had net cash of $27.48m at 29 December 2018, a decrease of $3.29m over the 30 December 2017 balance of $30.77m.

Cash flow in the period is summarised as follows:

	2018 **$m**	2017 (restated)† $m
Underlying operating profit	**45.36**	42.03
Share option related charges	**0.81**	0.55
Depreciation and amortisation	**2.65**	2.51
Change in working capital	**(3.19)**	(0.46)
Capital expenditure	**(2.86)**	(2.36)
Underlying operating cash flow	**42.77**	42.27
Tax and interest	**(7.62)**	(12.87)
Defined benefit pension contributions	**(3.93)**	(3.67)
Own share transactions	**(0.47)**	(1.36)
Exceptional items	**(0.05)**	(0.05)
Exchange (loss)/gain	**(1.01)**	0.62
Free cash flow	**29.69**	24.94
Dividends to Shareholders	**(32.98)**	(15.85)
Net cash (outflow)/inflow in the period	**(3.29)**	9.09

† Underlying has been restated to include share option charges.

The Group's cash flow performance remained strong in 2018. The business model is efficient in working capital usage and typically has low fixed capital requirements. The operating cash conversion rate for the year was 94%.

$29.69m of free cash flow was generated in the period, (2017: $24.94m), evidencing the beneficial effects of US tax reform.

Dividends to Shareholders includes the supplementary dividend of 60.00c per share paid in May 2018.

Balance sheet and Shareholders' funds

Net assets at 29 December 2018 were $43.27m, compared to $42.09m at 30 December 2017. The balance sheet is summarised as follows:

	29 December 2018 **$m**	30 December 2017 $m
Non-current assets	**25.73**	25.88
Working capital	**5.85**	3.99
Net cash	**27.48**	30.77
Pension deficit	**(15.02)**	(18.11)
Other assets/(liabilities) - net	**(0.77)**	(0.44)
Net assets	**43.27**	42.09

Shareholders' funds increased by $1.18m, comprising: net profit in the period of $35.19m; $(0.43)m of exchange losses; net $nil of pension related movements; $0.87m of net share option related movements; $1.72m of proceeds from options exercised; $(2.18)m relating to purchase of own shares; $(32.98)m equity dividends paid to Shareholders; and an adjustment to opening net equity of $(1.01)m arising from the implementation of IFRS15, (see note 9).

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 the cycle. The Group will therefore typically remain ungeared and hold a net cash position.

The Board's funding guidelines 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; and
- to meet our pension contribution commitments as they fall due.

The quantum of the net cash position 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**
  - In line with agreed deficit recovery funding schedule
  - Further de-risking initiatives, if viable
- **Mergers & 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
  - Supplementary 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 period end or prior period end. The Group holds the majority of its cash with its principal US and UK bankers.

The Group has $20.5m of working capital facilities with its principal US bank, JPMorgan Chase, N.A. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 May 2020 ($20.0m US facility) and 31 August 2019 ($0.5m Canadian facility). In addition, an overdraft facility of £1.0m, with an interest rate of bank base rate plus 2.0%, is available from the Group's principal UK bank, Lloyds Bank plc.

Critical accounting policies

Critical accounting policies are those that require significant judgments or estimates and potentially result in materially different results under different assumptions or conditions. It is considered that the only critical accounting policy is in respect of pensions.

Brexit risk

The uncertainty surrounding the Brexit process is unhelpful. Overall, however, we consider that the nature and geography of the Group's operations, with 97% of the Group's revenue originating in North America, leave it in a strong position to absorb any negative effects.

The most likely impact – that from exchange rate volatility – is addressed in our risk matrix which is available on the Company's corporate website http://investors.4imprint.com.

We do not consider that Brexit creates any real change in the Group's principal risks and uncertainties, nor does it have any material effect on our evaluation of going concern or viability analysis.

Our UK business (3% of Group revenue), may be affected by any general economic malaise due to Brexit. In addition, if Brexit results in any significant depreciation in the value of Sterling, imported product would likely become more expensive, potentially squeezing margins or choking demand if price increases are passed on to customers. Also, under a "no deal" scenario suppliers may experience difficulties with imports held up at ports and sales to EU customers amounting to around £1m per year may become subject to tariffs, additional administration and resulting delays.

Our remaining legacy defined benefit pension liability could be negatively impacted if Brexit results in lower bond yields, affecting discount rate assumptions in the plan valuation, or leading to falls in the value of investments held in the plan.

Kevin Lyons-Tarr
Chief Executive Officer
5 March 2019

David Seekings
Chief Financial Officer

Group Income Statement for the 52 weeks ended 29 December 2018

	Note	**2018 $'000**	2017 $'000
Revenue	1	**738,418**	627,518
Operating expenses		**(694,096)**	(586,234)
Operating profit before exceptional items		**45,043**	41,738
Exceptional items	2	**(721)**	(454)
Operating profit	1	**44,322**	41,284
Finance income		**250**	3
Finance costs		**(23)**	(125)
Pension finance charge		**(403)**	(503)
Net finance cost		**(176)**	(625)
Profit before tax		**44,146**	40,659
Taxation	3	**(8,952)**	(11,734)
Profit for the period		**35,194**	28,925

		Cents	Cents
Earnings per share			
Basic	4	**125.61**	103.15
Diluted	4	**125.22**	102.84
Underlying† basic	4	**129.77**	106.74

† Underlying has been restated to include share option charges.

Group Statement of Comprehensive Income for the 52 weeks ended 29 December 2018

	Note	**2018 $'000**	2017 $'000
Profit for the period		**35,194**	28,925
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		**(434)**	(559)
Items that will not be reclassified subsequently to the income statement:			
Re-measurement gains on post-employment obligations	6	**1,582**	88
Return on pension scheme assets (excluding interest income)	6	**(1,951)**	343
Tax relating to components of other comprehensive income		**390**	495
Effect of change in UK tax rate		**(21)**	17
Total other comprehensive (expense)/income net of tax		**(434)**	384
Total comprehensive income for the period		**34,760**	29,309

Group Balance Sheet at 29 December 2018

	Note	2018 $'000	2017 $'000
Non-current assets			
Property, plant and equipment		**19,012**	18,829
Intangible assets		**1,084**	1,138
Deferred tax assets		**5,636**	5,912
		25,732	25,879
Current assets			
Inventories		**9,878**	5,356
Trade and other receivables		**46,228**	46,309
Current tax debtor		**644**	472
Cash and cash equivalents		**27,484**	30,767
		84,234	82,904
Current liabilities			
Trade and other payables		**(50,252)**	(47,675)
Current tax creditor		**(500)**	-
Provisions		**-**	(146)
		(50,752)	(47,821)
Net current assets		**33,482**	35,083
Non-current liabilities			
Retirement benefit obligations	6	**(15,016)**	(18,106)
Deferred tax liability		**(931)**	(763)
		(15,947)	(18,869)
Net assets		**43,267**	42,093
Shareholders' equity			
Share capital		**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves		**5,427**	5,861
Retained earnings		**(49,453)**	(51,061)
Total Shareholders' equity		**43,267**	42,093

Group Statement of Changes in Shareholders' Equity for the 52 weeks ended 29 December 2018

	Share capital $'000	Share premium reserve $'000	Other reserves $'000	Retained earnings: Own shares $'000	Retained earnings: Profit and loss $'000	Total equity $'000
Balance at 1 January 2017	18,842	68,451	6,420	(422)	(63,966)	29,325
Profit for the period					28,925	28,925
Other comprehensive income/(expense)						
Currency translation differences			(559)			(559)
Re-measurement gains on post-employment obligations					431	431
Deferred tax relating to post-employment obligations					(83)	(83)
Deferred tax relating to losses					578	578
Effect of change in UK tax rate					17	17
Total comprehensive income			(559)		29,868	29,309
Proceeds from options exercised					19	19
Own shares utilised				101	(101)	-
Own shares purchased				(1,378)		(1,378)
Share-based payment charge					545	545
Deferred tax relating to share options					33	33
Deferred tax relating to losses					110	110
Effect of change in tax rates					(25)	(25)
Dividends					(15,845)	(15,845)
Balance at 30 December 2017	18,842	68,451	5,861	(1,699)	(49,362)	42,093
Adjustments for changes in accounting policy (note 9)					**(1,011)**	**(1,011)**
Balance at 31 December 2017 after adjustments	**18,842**	**68,451**	**5,861**	**(1,699)**	**(50,373)**	**41,082**
Profit for the period					**35,194**	**35,194**
Other comprehensive income/(expense)						
Currency translation differences			**(434)**			**(434)**
Re-measurement losses on post-employment obligations					**(369)**	**(369)**
Deferred tax relating to post-employment obligations					**69**	**69**
Deferred tax relating to losses					**321**	**321**
Effect of change in tax rates					**(21)**	**(21)**
Total comprehensive income			**(434)**		**35,194**	**34,760**
Proceeds from options exercised					**1,722**	**1,722**
Own shares utilised				**2,420**	**(2,420)**	**-**
Own shares purchased				**(2,187)**		**(2,187)**
Share-based payment charge					**808**	**808**
Deferred tax relating to share options					**6**	**6**
Deferred tax relating to losses					**60**	**60**
Dividends					**(32,984)**	**(32,984)**
Balance at 29 December 2018	**18,842**	**68,451**	**5,427**	**(1,466)**	**(47,987)**	**43,267**

Group Cash Flow Statement for the 52 weeks ended 29 December 2018

	Note	**2018 $'000**	2017 $'000
Cash flows from operating activities			
Cash generated from operations	7	**41,651**	40,901
Tax paid		**(7,844)**	(12,751)
Finance income received		**250**	3
Finance costs paid		**(23)**	(125)
Net cash generated from operating activities		**34,034**	28,028
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,492)**	(1,844)
Purchases of intangible assets		**(395)**	(518)
Proceeds from sale of property, plant and equipment		**32**	3
Net cash used in investing activities		**(2,855)**	(2,359)
Cash flows from financing activities			
Proceeds from share options exercised		**1,722**	19
Purchase of own shares		**(2,187)**	(1,378)
Dividends paid to Shareholders	5	**(32,984)**	(15,845)
Net cash used in financing activities		**(33,449)**	(17,204)
Net movement in cash and cash equivalents		**(2,270)**	8,465
Cash and cash equivalents at beginning of the period		**30,767**	21,683
Exchange (losses)/gains on cash and cash equivalents		**(1,013)**	619
Cash and cash equivalents at end of the period		**27,484**	30,767

Analysis of cash and cash equivalents		
Cash at bank and in hand	**23,648**	28,709
Short-term deposits	**3,836**	2,058
	27,484	30,767

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 numbers are shown in US dollars thousands. 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 a more meaningful view of the Group's financial performance and position.

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are those that will be set out in the Group's Annual Report and Accounts 2018. These policies have been consistently applied to all the periods presented, apart from those affected by the implementation of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'. IFRS 15 impacts the accounting policies for revenue. For timing of revenue recognition, the consideration is now on meeting performance obligations, both contractual and implied, rather than risks and rewards of ownership. When weighing performance obligations against risks and rewards of ownership and taking into account implied promises in our business model, it has been concluded that all revenue should now be recognised at the time of receipt by the customer rather than on shipment. IFRS 9 impacts the classification and measurement of financial assets and liabilities. The impact of these changes on the Group in these financial statements is minimal. For trade receivables we have moved to an expected loss method of providing for future impairment, but there has been only a minor increase in the provision. On initial application of IFRS 9 there has been no change in measurement of financial assets or financial liabilities. The financial impacts of these two policy changes are shown in note 9. Other accounting standards effective for the first time in the period have had no impact on the Group's financial statements.

Basis of preparation

This announcement was approved by the Board of Directors on 5 March 2019. The financial information in this announcement does not constitute the Group's statutory accounts for the periods ended 29 December 2018 or 30 December 2017 but it is derived from those accounts. Statutory accounts for 30 December 2017 have been delivered to the Registrar of Companies, and those for 29 December 2018 will be delivered after the Annual General Meeting. The auditors have reported on those accounts. Their reports were unqualified, did not include a reference to any matters to which the auditors 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 IFRS (International Financial Reporting Standards) as adopted by the EU, IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU and effective at the time of preparing these financial statements (March 2019).

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Use of assumptions and estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key estimates are in respect of the present value of the pension scheme obligations and the quantum of tax losses recognised in the deferred tax asset. The assumptions used for the pension scheme obligations are disclosed in note 6 and the tax losses are recognised to the extent that the Directors consider it probable that future taxable profits will be available against which the losses can be utilised.

Critical accounting policies

Critical accounting policies are those that require significant judgments or estimates and potentially result in materially different results under different assumptions or conditions. Management considers the following to be the only critical accounting policy:

Pensions

As disclosed in note 6, the Group sponsors a defined benefit pension scheme closed to new members and future accruals. Period end recognition of the liabilities under this scheme and the return on assets held to fund these liabilities require a number of significant actuarial assumptions to be made including inflation rate, discount rate and mortality rates. Small changes in assumptions can have a significant impact on the expense recorded in the income statement and on the pension liability in the balance sheet.

1 Segmental reporting

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented based on the Group's internal reporting to the Board.

At 29 December 2018, the results of the Group are reported as one primary operating segment plus share option related charges and the costs of the Head Office:

Revenue

	2018 $'000	2017 $'000
North America	**714,554**	607,997
UK and Ireland	**23,864**	19,521
Total revenue from sale of promotional products	**738,418**	627,518

Profit	Underlying*		Total	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
4imprint Direct Marketing	**49,632**	45,639	**49,632**	45,639
Head Office	**(3,454)**	(3,059)	**(3,454)**	(3,059)
Share option related charges	**(819)**	(551)	**(819)**	(551)
Underlying operating profit	**45,359**	42,029	**45,359**	42,029
Exceptional items (note 2)			**(721)**	(454)
Defined benefit pension scheme administration costs (note 6)			**(316)**	(291)
Operating profit	**45,359**	42,029	**44,322**	41,284
Net finance income/(expense)	**227**	(122)	**227**	(122)
Pension finance charge (note 6)			**(403)**	(503)
Profit before tax	**45,586**	41,907	**44,146**	40,659
Taxation	**(9,226)**	(11,974)	**(8,952)**	(11,734)
Profit after tax	**36,360**	29,933	**35,194**	28,925

*Underlying has been restated to include share option charges.

The Directors consider that underlying operating profit gives a measure of the performance of the business by excluding one-off charges and costs relating to a legacy defined benefit scheme, the beneficiaries of which were employed by businesses disposed of by the Group.

2 Exceptional items

	2018 $'000	2017 $'000
Past service costs re defined benefit pension scheme pensioner GMP equalisation	**721**	-
Pension buy-out costs	**-**	454
	721	454

The past service costs result from the High Court judgment in the Lloyds case on 26 October 2018, which confirmed that the equalisation of benefits between male and female members of the defined benefit plan at retirement extends to Guaranteed Minimum Pensions ("GMP"). The charge is an estimate calculated by the Company's actuaries, based on key high-level data from the Plan's last full actuarial valuation and the legal position as understood at the date of these financial statements. The actual result may differ from this estimate.

Pension buy-out costs include $nil (2017: $378,000) incurred and paid by the defined benefit pension scheme, in respect of the buy-out.

3 Taxation

	2018 $'000	2017 $'000
Current tax		
UK tax – current	**-**	-
Overseas tax – current	**8,212**	12,326
Overseas tax – prior periods	**(41)**	(12)
Total current tax	**8,171**	12,314
Deferred tax		
Origination and reversal of temporary differences	**803**	(664)
Adjustment in respect of prior periods	**(22)**	84
Total deferred tax	**781**	(580)
Taxation	**8,952**	11,734

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:

	2018 $'000	2017 $'000
Profit before tax	**44,146**	40,659
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**10,452**	13,775
Effects of:		
Adjustments in respect of prior periods	**(63)**	72
Expenses not deductible for tax purposes and non-taxable income	**105**	87
Other differences	**(164)**	(105)
Effect of tax rate changes on deferred tax balances	**-**	(482)
Utilisation of tax losses not previously recognised	**(1,378)**	(1,613)
Taxation	**8,952**	11,734

The main rate of UK corporation tax will reduce to 17% from 1 April 2020. The net deferred tax asset at 29 December 2018 has been calculated at a tax rate of 19% in respect of UK deferred tax items which are expected to reverse before 2020 and 17% in respect of UK deferred tax items expected to reverse thereafter.

The US federal tax rate was reduced to 21% from 1 January 2018. US deferred tax items have been calculated at the 21% rate.

The amount of current tax recognised directly in Shareholders' equity in 2018 was $nil (2017: $nil).

No current tax was recognised in other comprehensive income (2017: $nil).

4 Earnings per share

Basic, diluted and underlying

The basic, diluted and underlying earnings per share are calculated based on the following data:

	2018 $'000	2017 $'000
Profit after tax	**35,194**	28,925

	2018 Number '000	2017 Number '000
Basic weighted average number of shares	**28,018**	28,042
Adjustment for employee share options	**88**	84
Diluted weighted average number of shares	**28,106**	28,126

	2018 Cents	2017 Cents
Basic earnings per share	**125.61**	103.15
Diluted earnings per share	**125.22**	102.84

	2018 $'000	2017 (restated)† $'000
Profit before tax	**44,146**	40,659
Adjustments:		
Exceptional items (note 2)	**721**	454
Defined benefit pension scheme administration costs	**316**	291
Pension finance charge	**403**	503
Underlying profit before tax	**45,586**	41,907
Taxation (note 3)	**(8,952)**	(11,734)
Tax relating to above adjustments	**(274)**	(240)
Underlying profit after tax	**36,360**	29,933

	2018 Cents	2017 Cents
Underlying basic earnings per share	**129.77**	106.74
Underlying diluted basic earnings per share	**129.37**	106.42

† Underlying has been restated to include share option charges.

The basic weighted average number of shares excludes shares held in the 4imprint Group plc employee share trusts. The effect of this is to reduce the average by 67,125 (2017: 43,104).

The basic earnings per share is calculated based on the profit for the financial period divided by the basic weighted average number of shares.

For diluted earnings per share, the basic weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. The potential dilutive ordinary shares relate to those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares and are likely to vest at the balance sheet date.

The underlying basic earnings per share is calculated before the after-tax effect of exceptional items and defined benefit pension charges and is included because the Directors consider this gives a measure of the underlying performance of the ongoing business.

5 Dividends

Equity dividends – ordinary shares		**2018 $'000**	2017 $'000
Interim paid:	20.80c (2017: 18.10c)	**5,848**	5,166
Supplementary paid:	60.00c (2017: nil)	**16,282**	-
Final paid:	40.00c (2017: 36.18c)	**10,854**	10,679
		32,984	15,845

In addition, the Directors are proposing a final dividend in respect of the period ended 29 December 2018 of 49.20c (37.30p) per, which will absorb an estimated $13.8m of Shareholders' funds. Subject to Shareholder approval at the AGM, these dividends are payable on 15 May 2019 to Shareholders who are on the register of members at close of business on 5 April 2019. These financial statements do not reflect these proposed dividends.

6 Employee pension schemes

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:

	2018 $'000	2017 $'000
Defined contribution plans – employers' contributions	**1,356**	1,161

The Group also sponsors a UK defined benefit pension scheme which is closed to new members and future accrual.

The amounts recognised in the income statement are as follows:

	2018 $'000	2017 $'000
Administration costs paid by the scheme	**316**	291
Pension finance charge	**403**	503
Exceptional items – past service costs re GMP equalisation	**721**	-
Exceptional items – buy-out costs paid by the scheme	**-**	378
Total defined benefit pension charge	**1,440**	1,172

The amounts recognised in the balance sheet comprise:

	2018 $'000	2017 $'000
Present value of funded obligations	**(33,103)**	(36,739)
Fair value of scheme assets	**18,087**	18,633
Net liability recognised in the balance sheet	**(15,016)**	(18,106)

A full actuarial valuation was undertaken as at 30 September 2016 in accordance with the scheme funding requirements of the Pensions Act 2004. This actuarial valuation showed a deficit of £14.9m. A recovery plan has been signed under which the Company agreed a schedule of contributions with the Trustee. The recovery plan period is 5 years 7 months and under the plan contributions of £2.25m per annum are payable by the Company. These contributions commenced on 1 July 2017. This amount rises annually by 3%. In addition an annual allowance of £0.25m is payable towards costs of administration of the scheme.

For the purposes of IAS 19, numbers from the actuarial valuation as at 30 September 2016, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 29 December 2018. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

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

	2018	2017
Rate of increase in pensions in payment	**3.10%**	3.05%
Rate of increase in deferred pensions	**2.10%**	2.05%
Discount rate	**2.80%**	2.50%
Inflation assumption – RPI	**3.20%**	3.15%
– CPI	**2.10%**	2.05%

The mortality assumptions adopted at 29 December 2018 reflect the most recent version of the tables used in the last triennial valuation. The assumptions imply the following life expectancies at age 65:

	2018	2017
Male currently age 40	**23.4 yrs**	23.3 yrs
Female currently age 40	**25.3 yrs**	25.3 yrs
Male currently age 65	**21.9 yrs**	21.9 yrs
Female currently age 65	**23.8 yrs**	23.7 yrs

Changes in the present value of the net defined benefit obligation are as follows:

	Present value of obligations $'000	Fair value of scheme assets $'000	Net obligation $'000
Balance at 1 January 2017	(34,357)	15,067	(19,290)
Administration costs paid by the scheme	(291)	-	(291)
Exceptional items – buy-out costs paid by the scheme	(378)	-	(378)
Interest (expense)/income	(941)	438	(503)
Return on scheme assets (excluding interest income)	-	343	343
Re-measurement gains due to changes in demographic assumptions	611	-	611
Re-measurement losses due to changes in financial assumptions	(523)	-	(523)
Contributions by employer	-	3,675	3,675
Benefits paid	2,465	(2,465)	-
Exchange (loss)/gain	(3,325)	1,575	(1,750)
Balance at 30 December 2017	(36,739)	18,633	(18,106)
Administration costs paid by the scheme	**(316)**	**-**	**(316)**
Exceptional items – past service costs re GMP equalisation	**(721)**	**-**	**(721)**
Interest (expense)/income	**(889)**	**486**	**(403)**
Return on scheme assets (excluding interest income)	**-**	**(1,951)**	**(1,951)**
Re-measurement gains due to changes in financial assumptions	**1,582**	**-**	**1,582**
Contributions by employer	**-**	**3,932**	**3,932**
Benefits paid	**1,848**	**(1,848)**	**-**
Exchange gain/(loss)	**2,132**	**(1,165)**	**967**
Balance at 29 December 2018	**(33,103)**	**18,087**	**(15,016)**

7 Cash generated from operations

	2018 $'000	2017 $'000
Operating profit	**44,322**	41,284
Adjustments for:		
Depreciation charge	**2,200**	2,048
Amortisation of intangibles	**445**	464
Loss on disposal of fixed assets	**7**	4
Exceptional non-cash items	**721**	378
(Decrease)/increase in exceptional accrual	**(52)**	19
Share option charges	**808**	545
Defined benefit pension administration charge	**316**	291
Contributions to defined benefit pension scheme	**(3,932)**	(3,675)
Changes in working capital:		
Increase in inventories	**(2,266)**	(1,176)
Increase in trade and other receivables	**(2,422)**	(6,324)
Increase in trade and other payables	**1,504**	7,043
Cash generated from operations	**41,651**	40,901

8 Related party transactions

The Group did not participate in any related party transactions.

9 Impact of new accounting standards

The implementation of IFRS 9 has had no material impact on the financial results of the Group. The simplified expected loss model for the trade receivables bad debt provisions results in an immaterial increase in the provision. Trade and other receivables, together with cash and cash equivalents, were categorised as ‘Loans and Receivables’ under IAS39 and measured at amortised cost. This category does not exist in IFRS9, but these items continue to be measured at amortised cost. Additionally, there were no derivative instruments at this or the prior period end. The Group’s financial instruments basis of valuation is unchanged from prior year.

The implementation of IFRS 15’s performance obligations requirement has resulted in a revision to the period end cut off procedure for revenue recognition, to recognise revenue only when the goods have been physically received by the customer. This change has little full year on year impact on the financial results of the Group (2017: $0.2m operating profit reduction) and so the decision was taken to take advantage of the option not to restate prior periods. This results in an opening adjustment to reduce net equity by $1,011,000 as follows:

Balance sheet	30 Dec 2017 As reported	Opening IFRS 15 adjustment	**Opening 31 Dec 2017 Revised**
	$’000	$’000	**$’000**
Non-current assets	25,879	**-**	**25,879**
Current assets			
Inventories	5,356	2,584	**7,940**
Trade and other receivables	46,309	(2,657)	**43,652**
Current tax	472	-	**472**
Cash and cash equivalents	30,767	-	**30,767**
	82,904	(73)	**82,831**
Current liabilities			
Trade and other payables	(47,675)	(1,203)	**(48,878)**
Provisions	(146)	-	**(146)**
	(47,821)	(1,203)	**(49,024)**
Net current assets	35,083	(1,276)	**33,807**
Non-current liabilities			
Retirement benefit obligations	(18,106)	-	**(18,106)**
Deferred tax liability	(763)	265	**(498)**
	(18,869)	265	**(18,604)**
Net assets	42,093	(1,011)	**41,082**

The impact on the year-end balance sheet and results for the period are as follows:

Balance sheet	29 Dec 2018	IFRS 15 adjustment	**29 Dec 2018 As reported**
	$'000	$'000	**$'000**
Non-current assets	25,732	-	**25,732**
Current assets			
Inventories	6,890	2,988	**9,878**
Trade and other receivables	50,065	(3,837)	**46,228**
Current tax	644	-	**644**
Cash and cash equivalents	27,484	-	**27,484**
	85,083	(849)	**84,234**
Current liabilities			
Trade and other payables	(49,483)	(769)	**(50,252)**
Current tax	(840)	340	**(500)**
	(50,323)	(429)	**(50,752)**
Net current assets	34,760	(1,278)	**33,482**
Non-current liabilities			
Retirement benefit obligations	(15,016)	-	**(15,016)**
Deferred tax liability	(931)	-	**(931)**
	(15,947)	-	**(15,947)**
Net assets	44,545	(1,278)	**43,267**

Income statement	52 weeks ended 29 Dec 2018	IFRS 15 adjustment	**52 weeks ended 29 Dec 2018 As reported**
	$'000	$'000	**$'000**
Revenue	739,646	(1,228)	**738,418**
Operating expenses	(694,982)	886	**(694,096)**
Operating profit	44,664	(342)	**44,322**
Finance income	250	-	**250**
Finance costs	(23)	-	**(23)**
Pension finance charge	(403)	-	**(403)**
Net finance cost	(176)	-	**(176)**
Profit before tax	44,488	(342)	**44,146**
Taxation	(9,027)	75	**(8,952)**
Profit for the period	35,461	(267)	**35,194**
Earnings per share			
Basic	126.57		**125.61**
Diluted	126.17		**125.22**

10 Principal risks and uncertainties

The principal risks and uncertainties which the business faces are: macroeconomic conditions; competition; currency exchange; business facility disruption; disruption to the product supply chain or delivery service; disturbance in established marketing techniques; reliance on key personnel; failure or interruption of IT systems and infrastructure; failure to adapt to new technological innovations; and security of customer data. A full description of these risks and the mitigating actions taken by the Group is available on the Company's corporate website http://investors.4imprint.com.

Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- the financial statements within the full Annual Report and Accounts from which the financial information within this Final Results Announcement has been extracted, have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the Chief Executive's Review and Financial Review, and Principal risks and uncertainties (note 10) include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.