31 July 2019

4imprint Group plc
Half year results for the period ended 29 June 2019

4imprint Group plc (the "Group" or the "Company"), the leading direct marketer of promotional products, announces its half year results for the period ended 29 June 2019.

Highlights

Financial	Half year 2019 $m	Half year 2018 $m	Change
Revenue	**405.06**	348.33	+16%
Underlying* profit before tax	**19.79**	16.30	+21%
Profit before tax	**19.45**	15.93	+22%
Underlying* basic EPS (cents)	**55.81**	46.03	+21%
Basic EPS (cents)	**54.81**	44.96	+22%
Interim dividend per share (cents)	**25.00**	20.80	+20%
Interim dividend per share (pence)	**20.52**	15.85	+29%

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

The results for the half year and prior half year are unaudited.

Operational

- Organic revenue growth of 16% over H1 2018
- Brand marketing investment producing encouraging results
- 778,000 total orders processed in H1
- 147,000 new customers acquired in H1
- Customer retention patterns remain healthy
- Strong financial position; cash balance of $42.7m at half year

Paul Moody, Chairman said:

"The Group has a clear strategic direction, a proven business model and an attractive market opportunity. An encouraging first half performance gives the Board confidence that the full year results will be slightly above current market consensus forecasts."

For further information, please contact:

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

Kevin Lyons-Tarr - CEO
David Seekings - CFO

MHP Communications
Tel. + 44 (0) 20 3128 8794

Katie Hunt
Nessyah Hart

Chairman's Statement

Financial and operational

Group revenue in the first half of 2019 was $405.1m, an increase of $56.7m or 16% over prior year. This represents continued momentum towards our objective of reaching $1bn in Group revenue by 2022.

Investment in the awareness and strength of the 4imprint brand continues to be an important factor in driving the business forward. Whilst still a relatively new initiative for 4imprint, excellent progress has been made in both the development of our analytical skills and in the integration of the brand element into the overall marketing portfolio. Strong results across both new and existing customer order activity are indicative of the broad reach of our marketing activities in markets that are still notably fragmented.

Profit before tax in the period of $19.4m was 22% higher than 2018, driving a 22% rise in basic earnings per share to 54.81c. Consistent with its guideline to increase regular dividend payments broadly in line with earnings per share performance, the Board has declared an interim dividend of 25.00c per share, an increase of 20% over prior year.

The Group's financial position is strong, with the half year cash balance of $42.7m (2018: $26.5m) reflecting the cash generative nature of our direct marketing business model. The first call on our cash is investment in projects that will deliver future organic revenue growth. In this context the $5m expansion of the Oshkosh distribution facility is proceeding as planned and will be operational in August 2019.

Changes to the Board of Directors

Tina Southall was appointed to the Board as a Non-Executive Director in May 2019. We look forward to benefiting from Tina's experience and insight. This strengthening of our Board is particularly welcome given the recent promotion of 4imprint Group plc to the FTSE 250 Index.

Andrew Scull has advised the Company that he intends to step down from the Board at the end of the 2019 financial year. In order to ensure a smooth transition of his responsibilities, including those of Company Secretary, Andrew has kindly agreed to remain with the Group until his retirement from 4imprint in mid-2020.

Outlook

The Group has a clear strategic direction, a proven business model and an attractive market opportunity. An encouraging first half performance gives the Board confidence that the full year results will be slightly above current market consensus forecasts.

Paul Moody

Chairman

31 July 2019

Operating and Financial Review

Operating Review

Revenue	**Half year 2019 $m**	Half year 2018 $m	Change
North America	**394.43**	337.37	+17%
UK and Ireland	**10.63**	10.96	-3%
Total	**405.06**	348.33	+16%

Underlying* operating profit	**Half year 2019 $m**	Half year 2018 $m	Change
Direct Marketing operations	**21.59**	18.21	19%
Head office	**(1.65)**	(1.63)	2%
Share option related charges	**(0.51)**	(0.32)	60%
Total	**19.43**	16.26	19%

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

The results for the half year and prior half year are unaudited.

The first half of 2019 was a period of continued momentum for 4imprint, leaving us ahead of schedule towards our milestone target of $1bn in annual Group revenue by 2022.

Our primary strategic objective is to drive market leadership through organic revenue growth. Over the last couple of years we have been focused on broadening our market presence through the addition of a significant new brand element to our marketing mix. After a successful launch in the first half of 2018 the results have been consistently encouraging, including increases in direct website traffic, higher online interest in anything to do with "4imprint", and ultimately strong new customer order activity. In addition, we continue to see that the profile of customers acquired is consistent with our expectations in terms of product, order size, order value and, most importantly, retention characteristics. This indicates that the brand initiative is resonating with our target audience, allowing us to create a broader base of diversified direct marketing techniques. We are working to take advantage of the flexibility this offers us to target further profitable organic growth.

The demand statistics in the first half of 2019 were strong and showed a healthy balance between new and existing customer activity. Across the Group total orders increased by 14%, with new customer orders up 8% and existing customer orders up 16%. 147,000 new customers were acquired (2018: 138,000) and our dedicated team members processed more than 778,000 individually customised orders in the first half of the year.

The Group produced good financial results in the first half of 2019. Group revenue of $405.06m was up 16% over 2018. In North America revenue was up by 17%, an increase of $57.06m over the prior year comparative. The UK business faced tougher trading conditions: revenue increased by 3% in local currency, but exchange rate movements led to revenue 3% lower than prior year in reporting currency.

Underlying operating profit of $19.43m was up over prior year by 19%. The aggregate gross margin percentage in the first half of 2019 was slightly improved over the same period in the prior year. Overall yield on marketing investment was essentially flat, despite a year-over-year increase in spend of more than $11m. This is a very satisfactory result in the context of an increasing investment in brand marketing at a time when the team is still in the early phases of actively testing and understanding the brand effect and the required adjustments to the overall marketing mix. Selling expenses continued to provide some element of operational leverage, whilst administrative costs were higher than usual as a percentage of revenue, reflecting an investment in additional senior management talent to support our growth plus relevant share option and incentive compensation accruals. In aggregate, these factors combined to produce an improvement in underlying operating profit margin to 4.8% (2018: 4.7%).

In March 2019 we announced that we would be adding a further 85,000 sq. ft. to the footprint of our Oshkosh distribution centre. This project is proceeding as planned and is expected to be completed on time in August 2019 within the original budget of $5m. In addition, our Oshkosh office facility is approaching capacity and we are reviewing our options for future expansion.

Financial Review

	Half year 2019 underlying* $m	Half year 2018 underlying* $m	**Half year 2019 $m**	Half year 2018 $m
Underlying* operating profit	**19.43**	16.26	**19.43**	16.26
Defined benefit pension scheme administration costs			**(0.14)**	(0.15)
Net finance income	**0.36**	0.04	**0.36**	0.04
Pension finance charge			**(0.20)**	(0.22)
Profit before tax	**19.79**	16.30	**19.45**	15.93

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

The results for the half year and prior half year are unaudited.

Operating result

Group revenue in the first half of 2019 was $405.06m (2018: $348.33), an increase for the period of 16%. Underlying operating profit before tax was $19.79m (2018: $16.30m), representing an increase of 21% over 2018.

The Group's operating result in the period, summarising expense by function, was as follows:

	Half year 2019 $m	Half year 2018 $m
Revenue	**405.06**	348.33
Gross profit	**131.67**	112.87
Marketing costs	**(79.18)**	(68.00)
Selling costs	**(15.31)**	(13.61)
Admin & central costs	**(17.24)**	(14.68)
Share option related charges	**(0.51)**	(0.32)
Underlying operating profit	**19.43**	16.26

Consistent with its strategy, the Group continued to deliver further profitable organic revenue growth driven by increasing marketing investment.

Accounting standards

IFRS 16 'Leases', was implemented from the start of the accounting period. In summary, this standard brings most contractual arrangements previously defined as operating leases on to the balance sheet, establishing 'right of use' assets and associated lease liabilities. In the income statement the previous operating lease charge is replaced by amortisation and interest charges. The resulting adjustments had an immaterial impact on the Group's results since the number and contract lengths of former operating leases are minimal. In this context the decision was taken not to restate prior periods, instead booking an opening adjustment to net equity. Further detail is set out in note 15.

Foreign exchange

The Group reports in its primary trading currency, US dollars. Sterling/US dollar is the exchange rate most relevant to the Group's financial performance.

The average Sterling/US dollar rate for the first half of 2019 was $1.29 (H1 2018: $1.38; FY 2018: $1.34). The closing Sterling/US dollar rate as at 29 June 2019 was $1.27 (30 June 2018: $1.32; 29 December 2018: $1.27).

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

- Translational risk in the income statement remains low. In the first half of 2019 97% of the Group's revenue was in US dollars, the Group's reporting currency. The net impact from currency movements on the 2019 half year income statement 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 to this is the Sterling-based defined benefit pension liability. Currency movements produced an exchange loss on the pension liability of $0.05m for the first half of 2019.

- The Group is highly cash-generative, mostly in US dollars, but 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. 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 $0.51m (2018: $0.32m) was charged in the period in respect of IFRS 2 'Share-based payments'. This charge was made up of two elements: (i) executive awards under the 2015 Incentive Plan and (ii) charges in respect of the 2016 UK SAYE Scheme and the 2018 US Employee Stock Purchase Plan.

Current options outstanding are: 130,493 share options under the UK SAYE and US ESPP schemes; and 70,739 share options and awards under the 2015 Incentive Plan.

Exceptional items

There were no exceptional items charged in the first half of 2019 (2018: $nil). The full year charge for 2018 of $0.72m related to an accrual for estimated past service costs resulting from Guaranteed Minimum Pension equalisation in the Group's defined benefit pension plan.

Net finance income

Net finance income in the period was $0.36m (2018: $0.04m). This is made up of external interest received on deposits, offset by non-utilisation fees on borrowing facilities and lease interest charges under IFRS 16. The year-over-year improvement in external interest received is due to lower non-utilisation fees on committed lines of credit and better yields on deposits.

Taxation

The tax charge for the half year was $4.08m (2018: $3.35m). The composite tax rate of 21% (2018: 21%) reflects the expected tax rate for the Group for the full year in 2019. The charge relates principally to taxation payable on profits earned in the USA.

Earnings per share

Underlying basic earnings per share was 55.81c (2018: 46.03c), an increase of 21%. This reflects the increase of 21% in underlying profit after tax, and a weighted average number of shares in issue similar to prior year.

Basic earnings per share was 54.81c (2018: 44.96c), an increase of 22% over prior year.

Dividends

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

The Board has declared an interim dividend per share of 25.00c (2018: 20.80c), an increase of 20%. In Sterling, the interim dividend per share will be 20.52p (2018: 15.85p), an increase of 29% over prior period. The dividend will be paid on 17 September 2019 to Shareholders on the register at the close of business on 9 August 2019.

Defined benefit pension scheme

The Group sponsors a legacy UK defined benefit scheme which has been closed to new members and future accruals for several years. The scheme has 97 pensioners and 277 deferred members.

At 29 June 2019, the deficit of the scheme on an IAS 19 basis was $15.05m, compared to $15.02m at 29 December 2018. Gross scheme liabilities under IAS19 were $36.60m and assets were $21.55m.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 29 December 2018	**15.02**
Pension administration costs paid by the scheme	**0.14**
Pension finance charge	**0.20**
Contributions by employer	**(1.66)**
Re-measurement losses on post-employment obligations	**3.19**
Return on pension scheme assets (excluding interest income)	**(1.89)**
Exchange loss	**0.05**
IAS 19 deficit at 29 June 2019	**15.05**

The net liability increased by $0.03m in the period, driven primarily by reduction in the discount rate offset by employer's contributions of $1.7m and return on assets of $1.9m.

Cash flow

Net cash was $42.66m at 29 June 2019 (30 June 2018: $26.51m; 29 December 2018: $27.48m).

Cash flow in the period is summarised as follows:

	Half year 2019 $m	Half year 2018 $m
Underlying operating profit	**19.43**	16.26
Share option non-cash charges	**0.50**	0.31
Depreciation and amortisation	**1.35**	1.29
Amortisation of right of use assets	**0.75**	-
Change in working capital	**17.58**	12.22
Capital expenditure	**(4.18)**	(1.17)
Underlying operating cash flow	**35.43**	28.91
Tax	**(3.26)**	(1.93)
Interest	**0.36**	0.04
Defined benefit pension contributions	**(1.66)**	(1.90)
Purchase of own shares	**(1.28)**	(1.42)
Capital element of lease payments	**(0.82)**	-
Exchange loss	**(0.08)**	(0.82)
Free cash flow	**28.69**	22.88
Dividends to Shareholders	**(13.51)**	(27.14)
Net cash inflow/(outflow) in the period	**15.18**	(4.26)

The Group generated $28.69m of free cash flow in the period (2018: $22.88m), further emphasising the efficient and cash generative qualities of the Group's business model.

Working capital inflow in the first half of 2019 was $17.58m, reflecting normal seasonal fluctuations.

Capital expenditure was $3.01m higher than the same period in 2018 primarily due to the expansion project at the Oshkosh distribution centre.

Dividends to Shareholders in 2018 includes the supplementary dividend of $0.60 per share paid in May 2018.

$1.28m of cash was paid in the period to the Employee Benefit Trust ('EBT'). These funds were used to purchase 4imprint Group plc shares in order to cover the requirements of the UK SAYE scheme, which matures in July 2019, and future US ESPP and 2015 Incentive Plan maturities.

Balance sheet and Shareholders' funds

Net assets at 29 June 2019 were $42.98m, compared to $43.27m at 29 December 2018. The balance sheet is summarised as follows:

	29 June 2019 $m	29 December 2018 $m
Non-current assets	**29.69**	25.73
Working capital	**(11.73)**	5.85
Net cash	**42.66**	27.48
Pension deficit	**(15.05)**	(15.02)
Other liabilities	**(2.59)**	(0.77)
Net assets	**42.98**	43.27

Shareholders' funds reduced by $0.29m since the 2018 year end. Constituent elements of the movement were net profit in the period of $15.36m and $0.50m of share option related movements, net of $0.12m exchange, $1.05m of net pension movements, own share transactions of $1.28m, IFRS 16 'Leases' opening adjustment $0.19m and dividends of $13.51m.

The Group had a net negative working capital balance of $(11.73)m at 29 June 2019, ($(9.51)m at 30 June 2018). This is a typical half year working capital profile reflecting the low capital requirements of the Group.

As a result of the adoption of IFRS 16, a 'right of use' asset of $1.11m is included within Non-current assets and an associated lease liability of $1.29m is included within Other liabilities.

Balance sheet funding and capital allocation

Full details of the Board's balance sheet funding guidelines and capital allocation priorities were set out on page 18 of the Group's 2018 Annual Report & Accounts. The Board retains the same guidelines in both of these areas.

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 currency relating to specific receivables and payables as well as remittances from overseas subsidiaries. The Group holds the majority of its cash with its principal US and UK bankers.

The Group has a $20.0m working capital facility with its principal US bank, JPMorgan Chase, N.A. The interest rate is US$ LIBOR plus 1.5%, and the facility expires on 31 May 2021. In addition, an overdraft facility of £1.0m, with an interest rate of bank base rate plus 2.00%, 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 Group's only critical accounting policy is in respect of pensions.

Risks

The Group may be affected by a number of risks. These risks have been reviewed at the half year and have not changed since the year end. The risks are detailed on pages 20 to 25 of the Group's Annual Report 2018, a copy of which is available on the Group's website: https://investors.4imprint.com. These risks comprise: 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 information technology systems and infrastructure; failure to adapt to new technological innovations; and security of customer data.

Brexit

The uncertainty surrounding the Brexit process continues. Overall, however, it is still considered 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 and the uncertainty does not impact our evaluation of going concern.

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

31 July 2019

Condensed Consolidated Income Statement (unaudited)

	Note	**Half year 2019 $'000**	Half year 2018 $'000	Full year 2018 $'000
Revenue	6	**405,057**	348,331	738,418
Operating expenses		**(385,773)**	(332,219)	(694,096)
Operating profit before exceptional items		**19,284**	16,112	45,043
Exceptional items	7	**-**	-	(721)
Operating profit	6	**19,284**	16,112	44,322
Finance income		**402**	60	250
Finance costs		**(6)**	(24)	(23)
Interest on lease liabilities		**(32)**	-	-
Pension finance charge		**(203)**	(219)	(403)
Net finance income/(cost)		**161**	(183)	(176)
Profit before tax		**19,445**	15,929	44,146
Taxation	8	**(4,083)**	(3,345)	(8,952)
Profit for the period		**15,362**	12,584	35,194

		Cents	Cents	Cents
Earnings per share				
Basic	9	**54.81**	44.96	125.61
Diluted	9	**54.60**	44.81	125.22
Underlying	9	**55.81**	46.03	129.77

Condensed Consolidated Statement of Comprehensive Income (unaudited)

	Note	**Half year 2019 $'000**	Half year 2018 $'000	Full year 2018 $'000
Profit for the period		**15,362**	12,584	35,194
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to the income statement:				
Currency translation differences		**(117)**	(618)	(434)
Items that will not be reclassified subsequently to the income statement:				
Re-measurement (losses)/gains on post-employment obligations		**(3,187)**	1,142	1,582
Return on pension scheme assets (excluding interest income)		**1,888**	(1,692)	(1,951)
Tax relating to components of other comprehensive (expense)/income		**247**	105	390
Effect of change in UK tax rate		**-**	-	(21)
Total other comprehensive expense		**(1,169)**	(1,063)	(434)
Total comprehensive income for the period		**14,193**	11,521	34,760

Condensed Consolidated Balance Sheet (unaudited)

	Note	**At 29 June 2019 $'000**	At 30 June 2018 $'000	At 29 Dec 2018 $'000
Non-current assets				
Property, plant and equipment		**21,854**	18,718	19,012
Right of use assets		**1,108**	-	-
Intangible assets		**1,075**	1,102	1,084
Deferred tax assets		**5,651**	5,599	5,636
		29,688	25,419	25,732
Current assets				
Inventories		**11,572**	9,603	9,878
Trade and other receivables		**48,212**	40,518	46,228
Current tax		**-**	-	644
Cash and cash equivalents		**42,660**	26,509	27,484
		102,444	76,630	84,234
Current liabilities				
Lease liabilities		**(1,285)**	-	-
Trade and other payables		**(71,517)**	(59,634)	(50,252)
Current tax		**(183)**	(375)	(500)
Provisions		**-**	(135)	-
		(72,985)	(60,144)	(50,752)
Net current assets		**29,459**	16,486	33,482
Non-current liabilities				
Retirement benefit obligations	11	**(15,046)**	(16,757)	(15,016)
Deferred tax liability		**(1,120)**	(777)	(931)
		(16,166)	(17,534)	(15,947)
Net assets		**42,981**	24,371	43,267
Shareholders' equity				
Share capital		**18,842**	18,842	18,842
Share premium reserve		**68,451**	68,451	68,451
Other reserves		**5,310**	5,243	5,427
Retained earnings		**(49,622)**	(68,165)	(49,453)
Total Shareholders' equity		**42,981**	24,371	43,267

Condensed Consolidated Statement of Changes in Shareholders' Equity (unaudited)

	Share capital $'000	Share premium reserve $'000	Other reserves $'000	Retained earnings Own shares $'000	Retained earnings Profit and loss $'000	Total equity $'000
At 31 December 2017	18,842	68,451	5,861	(1,699)	(50,373)	41,082
Profit for the period					12,584	12,584
Other comprehensive expense			(618)		(445)	(1,063)
Total comprehensive (expense)/income			(618)		12,139	11,521
Share-based payment charge					314	314
Proceeds from options exercised					10	10
Own shares purchased				(1,420)		(1,420)
Own shares utilised				16	(16)	-
Dividends					(27,136)	(27,136)
At 30 June 2018	18,842	68,451	5,243	(3,103)	(65,062)	24,371
Profit for the period					22,610	22,610
Other comprehensive income			184		445	629
Total comprehensive income			184		23,055	23,239
Share-based payment charge					494	494
Proceeds from options exercised					1,712	1,712
Own shares purchased				(767)		(767)
Own shares utilised				2,404	(2,404)	-
Deferred tax relating to share options					6	6
Deferred tax relating to losses					60	60
Dividends					(5,848)	(5,848)
Balance at 29 December 2018	18,842	68,451	5,427	(1,466)	(47,987)	43,267
Adjustments for changes in accounting policy (note 3 and 15)					**(187)**	**(187)**
Balance at 30 December 2018 after adjustment	**18,842**	**68,451**	**5,427**	**(1,466)**	**(48,174)**	**43,080**
Profit for the period					**15,362**	**15,362**
Other comprehensive expense			**(117)**		**(1,052)**	**(1,169)**
Total comprehensive income			**(117)**		**14,310**	**14,193**
Share-based payment charge					**502**	**502**
Own shares purchased				**(1,281)**		**(1,281)**
Own shares utilised				**617**	**(617)**	**-**
Dividends					**(13,513)**	**(13,513)**
Balance at 29 June 2019	**18,842**	**68,451**	**5,310**	**(2,130)**	**(47,492)**	**42,981**

Condensed Consolidated Cash Flow Statement (unaudited)

	Note	**Half year 2019 $'000**	Half year 2018 $'000	Full year 2018 $'000
Cash flows from operating activities				
Cash generated from operations	12	**37,943**	28,166	41,651
Tax paid		**(3,255)**	(1,927)	(7,844)
Finance income received		**402**	60	250
Finance costs paid (including interest on lease liabilities)		**(38)**	(24)	(23)
Net cash generated from operating activities		**35,052**	26,275	34,034
Cash flows from investing activities				
Purchases of property, plant and equipment		**(3,964)**	(1,201)	(2,492)
Purchases of intangible assets		**(212)**	-	(395)
Net proceeds from sale of property, plant and equipment		**-**	30	32
Net cash utilised in investing activities		**(4,176)**	(1,171)	(2,855)
Cash flows from financing activities				
Capital element of lease payments		**(821)**	-	-
Proceeds from options exercised		**-**	10	1,722
Purchase of own shares by EBT		**(1,281)**	(1,420)	(2,187)
Dividends paid to Shareholders	10	**(13,513)**	(27,136)	(32,984)
Net cash used in financing activities		**(15,615)**	(28,546)	(33,449)
Net movement in cash and cash equivalents		**15,261**	(3,442)	(2,270)
Cash and cash equivalents at beginning of the period		**27,484**	30,767	30,767
Exchange losses on cash and cash equivalents		**(85)**	(816)	(1,013)
Cash and cash equivalents at end of the period		**42,660**	26,509	27,484
Analysis of cash and cash equivalents				
Cash at bank and in hand		**39,766**	26,509	23,648
Short-term deposits		**2,894**	-	3,836
		42,660	26,509	27,484

Notes to the Interim Financial Statements

1 General information

4imprint Group plc 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.

These condensed consolidated interim financial statements, which were authorised for issue in accordance with a resolution of the Directors on 31 July 2019, do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the period ended 29 December 2018 were approved by the Board of Directors on 5 March 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The financial information contained in this report has neither been audited nor reviewed by the auditors, pursuant to Auditing Practices Board guidance on Review of Interim Financial Information.

2 Basis of preparation

These condensed consolidated interim financial statements for the half year ended 29 June 2019 have been prepared, in US dollars, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting', as adopted by the European Union, and should be read in conjunction with the Group's financial statements for the period ended 29 December 2018, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

After making enquiries about a number of factors, including current trading and borrowing facilities, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate for a period of at least twelve months from the date these interim financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the Interim Report and financial statements.

The tax charge for the interim period is accrued based on the best estimate of the tax charge for the full financial year.

3 Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the period ended 29 December 2018, as described in those annual financial statements, apart from those affected by the implementation of IFRS 16 'Leases'. Under IFRS 16 there is no distinction between finance and operating leases, with all leases, subject to options to exclude leases with a duration of less than 12 months and leases of low value assets, included on the balance sheet by recognition of a right of use asset and a lease liability. This impacts the accounting policy for leases and the new policy is shown below. On transition the Group decided to take advantage of the option not to restate prior periods, but to recognise a lease liability at the date of initial application, based on discounted future cash flows, along with a right of use asset at a carrying amount as if the Standard had been applied since the commencement date of the lease, but discounted at the incremental borrowing rate at the date of initial application. The financial impacts of this are shown in note 15. Other new accounting standards applicable for the first time in this reporting period have no impact on the Group's results.

Leases

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease a right of use asset and a lease liability are recognised in the financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Subsequently the lease liability decreases by the lease payments made, offset by interest on the liability, and may be remeasured to reflect any reassessment of expected payments or to reflect any lease modifications.

The right of use asset is initially measured at the amount of the initial lease liability plus: any lease payments made on or before the commencement date less incentives received; any incremental costs of obtaining the lease; and, if any, the costs of decommissioning the asset and any restoration work to return the asset to the condition required under the terms of the lease.

Notes to the Interim Financial Statements

3 Accounting policies continued

***Leases** continued*

Subsequently the right of use asset is valued using the cost model. The asset is amortised on a straight-line basis over the expected term of the lease, adjusted for any remeasurement of the lease liability, and is shown net of the accumulated depreciation and any impairment provisions.

Leases for low value assets and short-term leases are expensed to operating profit on a straight-line basis over the term of the lease.

4 Use of assumptions and estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There have been no changes in the key areas involving management estimates since the year end.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: currency risk; credit risk; liquidity risk; and capital risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 29 December 2018. There have been no changes in any risk management policies since that date.

6 Segmental analysis

The chief operating decision maker has been identified as the Board. The operations of the Group are reported in one primary operating segment.

Revenue	**Half year 2019 $'000**	Half year 2018 $'000	Full year 2018 $'000
North America	**394,433**	337,367	714,554
UK and Ireland	**10,624**	10,964	23,864
Total revenue from the sale of promotional products	**405,057**	348,331	738,418

Profit	Underlying			Total		
	Half year 2019 $'000	Half year 2018 $'000	Full year 2018 $'000	**Half year 2019 $'000**	Half year 2018 $'000	Full year 2018 $000
4imprint Direct Marketing	**21,588**	18,206	49,632	**21,588**	18,206	49,632
Head Office	**(1,653)**	(1,626)	(3,454)	**(1,653)**	(1,626)	(3,454)
Share option related charges	**(507)**	(317)	(819)	**(507)**	(317)	(819)
Underlying operating profit	**19,428**	16,263	45,359	**19,428**	16,263	45,359
Exceptional items (note 7)				**-**	-	(721)
Defined benefit pension scheme administration costs				**(144)**	(151)	(316)
Operating profit	**19,428**	16,263	45,359	**19,284**	16,112	44,322
Net finance income	**364**	36	227	**364**	36	227
Pension finance charge				**(203)**	(219)	(403)
Profit before tax	**19,792**	16,299	45,586	**19,445**	15,929	44,146
Taxation	**(4,149)**	(3,415)	(9,226)	**(4,083)**	(3,345)	(8,952)
Profit after tax	**15,643**	12,884	36,360	**15,362**	12,584	35,194

Notes to the Interim Financial Statements

7 Exceptional items

	Half year 2019 $'000	Half year 2018 $'000	Full year 2018 $'000
Past service costs	**-**	-	721

The prior year past service costs, resulting from the Guaranteed Minimum Pension equalisation charge, was 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 the 2018 full year financial statements. The actual result may differ from this estimate.

8 Taxation

The taxation rate was 21%, based on the estimated rate for the full year (H1 2018: 21%; FY 2018: 20%). Tax paid in the period was $3.26m (H1 2018: $1.93m; FY 2018: $7.84m).

9 Earnings per share

Basic, underlying and diluted

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

	Half year 2019 $'000	Half year 2018 $'000	Full year 2018 $'000
Profit after tax	**15,362**	12,584	35,194
Underlying profit after tax (note 6)	**15,643**	12,884	36,360

	Half year 2019 Number 000's	Half year 2018 Number 000's	Full year 2018 Number 000's
Basic weighted average number of shares	**28,029**	27,989	28,018
Adjustment for employee share options	**107**	96	88
Diluted weighted average number of shares	**28,136**	28,085	28,106
Basic earnings per share	**54.81c**	44.96c	125.61c
Diluted earnings per share	**54.60c**	44.81c	125.22c
Underlying basic earnings per share	**55.81c**	46.03c	129.77c
Underlying diluted basic earnings per share	**55.60c**	45.88c	129.37c

The basic weighted average number of shares excludes shares held in the employee share trust. The effect of this is to reduce the average by 56,566 (H1 2018: 96,095; FY 2018: 67,125).

The underlying 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.

Notes to the Interim Financial Statements

10 Dividends

	Half year 2019	Half year 2018	Full year 2018
	$'000	$'000	$'000
Dividends paid in the period	**13,513**	27,136	32,984

		Cents	Cents	Cents
Dividends per share declared	- Interim	**25.00**	20.80	20.80
	- Final	**-**	-	49.20

The interim dividend for 2019 of 25.00c per ordinary share (interim 2018: 20.80c; final 2018: 49.20c) will be paid on 17 September 2019 to Shareholders on the register at the close of business on 9 August 2019.

11 Employee pension schemes

The Group operates defined contribution pension plans for the majority of its UK and US employees. The regular contributions are charged to the income statement as they are incurred.

The Group also sponsors a legacy UK defined benefit pension scheme which is closed to new members and future accruals. The funds of the scheme are administered by a trustee company and are independent of the Group's finances.

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 September 2016 and this has been updated on an approximate basis to 29 June 2019 in accordance with IAS 19. There have been no changes in the valuation methodology adopted for this period's disclosures compared to previous periods' disclosure.

The principal assumptions applied by the actuaries at 29 June 2019 were:

	Half year 2019	Half year 2018	Full year 2018
Rate of increase in pensions in payment	**3.05%**	3.00%	3.10%
Rate of increase in deferred pensions	**2.05%**	1.95%	2.10%
Discount rate	**2.25%**	2.65%	2.80%
Inflation assumption - RPI	**3.15%**	3.05%	3.20%
- CPI	**2.05%**	1.95%	2.10%

The mortality assumptions adopted at 29 June 2019 imply the following life expectancies at age 65:

	Half year 2019 Years	Half year 2018 Years	Full year 2018 Years
Male currently aged 40	**23.4**	23.4	23.4
Female currently aged 40	**25.4**	25.3	25.3
Male currently aged 65	**22.0**	21.9	21.9
Female currently aged 65	**23.9**	23.8	23.8

The movement on the net pension obligation is shown in the Financial Review.

Notes to the Interim Financial Statements

12 Cash generated from operations

	Half year 2019	Half year 2018	Full year 2018
	$'000	$'000	$'000
Operating profit	**19,284**	16,113	44,322
Adjustments for:			
Depreciation charge	**1,126**	1,065	2,200
Amortisation of intangibles	**221**	224	445
Amortisation of right of use assets	**750**	-	-
(Profit)/loss on sale of property, plant and equipment	**-**	(7)	7
Exceptional non-cash items	**-**	8	721
Decrease in provisions	**-**	(26)	(52)
Share option non-cash charges	**502**	314	808
Defined benefit scheme administration costs – non-cash charge	**144**	151	316
Contributions to defined benefit pension scheme	**(1,661)**	(1,897)	(3,932)
Changes in working capital:			
Increase in inventories	**(1,693)**	(1,989)	(2,266)
(Increase)/decrease in trade and other receivables	**(1,988)**	5,134	(2,422)
Increase in trade and other payables	**21,258**	9,076	1,504
Cash generated from operations	**37,943**	28,166	41,651

13 Capital commitments

The Group had capital commitments contracted but not provided for in these financial statements of $1.56m (30 June 2018: $nil; 29 December 2018: $nil).

14 Related party transactions

The Group did not participate in any related party transactions that require disclosure.

Notes to the Interim Financial Statements

15 Impact of new accounting standards

On transition to IFRS 16 the modified retrospective option was selected, with no restatement of prior periods. The exemptions for low value assets and leases of less than 12 months duration were taken. It was not possible to ascertain the interest rates implicit in the existing leases, therefore the lease liabilities were discounted at the lessees' incremental borrowing rates. The weighted average rate use was 3.778%.

As the option to not restate prior periods was selected, the implementation of IFRS 16 'Leases' has resulted in a revision to the opening equity of the Group. This results in an opening adjustment to reduce net equity by $187,000 as follows:

Balance sheet	29 Dec 2018 As reported	Opening IFRS 16 adjustment	**Opening 30 Dec 2018 Revised**
	$'000	$'000	**$'000**
Non-current assets			
Property, plant and equipment	19,012	-	**19,012**
Right of use assets	-	1,856	**1,856**
Intangible assets	1,084	-	**1,084**
Deferred tax assets	5,636	-	**5,636**
	25,732	**1,856**	**27,588**
Current assets			
Inventories	9,878	-	**9,878**
Trade and other receivables	46,228	-	**46,228**
Current tax	644	-	**644**
Cash and cash equivalents	27,484	-	**27,484**
	84,234	-	**84,234**
Current liabilities			
Lease liabilities	-	(1,701)	**(1,701)**
Trade and other payables	(50,252)	-	**(50,252)**
Current tax	(500)	-	**(500)**
	(50,752)	(1,701)	**(52,453)**
Net current assets	33,482	(1,701)	**31,781**
Non-current liabilities			
Lease liabilities	-	(404)	**(404)**
Retirement benefit obligations	(15,016)	-	**(15,016)**
Deferred tax liability	(931)	62	**(869)**
	(15,947)	(342)	**(16,289)**
Net assets	43,267	(187)	**43,080**

The reconciliation between the commitment under non-cancellable operating leases at 29 December 2018 and the lease liability adjustment above is as follows:

	$'000
Operating lease obligations at 29 December 2018	2,201
Maintenance element	(9)
Less leases of low value assets	(40)
Discounting	(47)
Lease liabilities	**2,105**

Notes to the Interim Financial Statements

15 Impact of new accounting standards continued

The impact on the current half year is as follows:

Balance sheet at 29 June 2019	Before adjustment	IFRS 16 adjustment	**As reported**
	$'000	$'000	**$'000**
Non-current assets			
Property, plant and equipment	21,854	-	**21,854**
Right of use assets	-	1,108	**1,108**
Intangible assets	1,075	-	**1,075**
Deferred tax assets	5,651	-	**5,651**
	28,580	1,108	**29,688**
Current assets			
Inventories	11,572	-	**11,572**
Trade and other receivables	48,212	-	**48,212**
Cash and cash equivalents	42,660	-	**42,660**
	102,444	-	**102,444**
Current liabilities			
Lease liabilities	-	(1,285)	**(1,285)**
Trade and other payables	(71,517)	-	**(71,517)**
Current tax	(183)	-	**(183)**
	(71,700)	(1,285)	**(72,985)**
Net current assets	30,744	(1,285)	**29,459**
Non-current liabilities			
Retirement benefit obligations	(15,046)	-	**(15,046)**
Deferred tax liability	(1,164)	44	**(1,120)**
	(16,210)	44	**(16,166)**
Net assets	43,114	(133)	**42,981**

Income statement for the 26 weeks ended 29 June 2019	Before adjustment	IFRS 16 adjustment	**As reported**
	$'000	$'000	**$'000**
Revenue	405,057	-	**405,057**
Operating expenses	(385,877)	104	**(385,773)**
Operating profit	19,180	104	**19,284**
Finance income	402	-	**402**
Finance costs	(6)	(32)	**(38)**
Pension finance charge	(203)	-	**(203)**
Net finance income	193	(32)	**161**
Profit before tax	19,373	72	**19,445**
Taxation	(4,065)	(18)	**(4,083)**
Profit for the period	15,308	54	**15,362**
Earnings per share			
Basic	54.61c		**54.81c**
Diluted	54.41c		**54.60c**

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and 4.2.8, namely:

- An indication of the important events that have occurred during the first half year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related party transactions in the first half year and any material changes in the related party transactions described in the last annual report.

The Directors of 4imprint Group plc are as listed in the Group's Annual Report for 29 December 2018, except for the appointment of Christina (Tina) Southall as an Independent Non-Executive Director on 8 May 2019. A list of current Directors of 4imprint Group plc is maintained on the Group website: https://investors.4imprint.com.

By order of the Board

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

31 July 2019