4imprint Group plc

2019 ANNUAL REPORT AND ACCOUNTS

DELIVERING PROFITABLE GROWTH

WE ARE THE

LEADING DIRECT MARKETER

OF PROMOTIONAL PRODUCTS IN THE USA, CANADA, THE UK AND IRELAND

WHAT WE DO

Most of our revenue is generated in North America, serviced from the principal office in Oshkosh, Wisconsin. Customers in the UK and Irish markets are serviced from an office in Manchester, UK.

Operations are focused around a highly developed direct marketing business model which provides millions of potential customers with access to tens of thousands of customised products.

Organic growth is delivered by using a wide range of data-driven, offline and online direct marketing techniques to capture market share in the large and fragmented promotional product markets that we serve.

Highlights

OPERATIONAL HIGHLIGHTS

ORGANIC REVENUE GROWTH IN 2019

- Revenue increase of $122.4m (+17%)
- 1,587,000 total orders processed (+14%)
- 297,000 new customers acquired in the year
- Customer retention remains healthy

INVESTMENT IN MARKETING IN THE YEAR

- Marketing spend $154.3m (+18%)
- Evolving marketing mix; brand component increasing as planned

CAPITAL INVESTMENT

- $5m capital investment in Oshkosh distribution centre completed in 2019
- 2020 capital plan includes $4.7m in apparel decoration equipment

PENSION COMMITMENT

- $10m 'lump sum' legacy pension contribution in May 2020

FINANCIAL HIGHLIGHTS

REVENUE

$860.84m
+17%
2018: $738.42m

UNDERLYING* PROFIT BEFORE TAX

$54.68m
+20%
2018: $45.59m

PROFIT BEFORE TAX

$53.99m
+22%
2018: $44.15m

CASH

$41.14m
+50%
2018: $27.48m

UNDERLYING* BASIC EPS
(CENTS)

154.41¢
+19%
2018: 129.77¢

BASIC EPS
(CENTS)

152.42¢
+21%
2018: 125.61¢

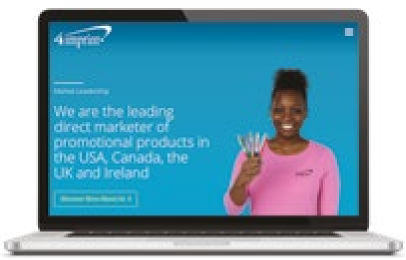
PROPOSED TOTAL DIVIDEND PER SHARE
(CENTS)

84.00¢
+20%
2018: 70.00¢

PROPOSED TOTAL DIVIDEND PER SHARE
(PENCE)

66.68p
+25%
2018: 53.15p

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



Find out more online:
investors.4imprint.com

4imprint at a Glance

FOCUSED ON

DELIVERI
GROWTH

We are the leading direct marketer of promotional products in North America, the UK and Ireland. We have consistently delivered market-beating organic revenue growth.

WHAT WE DO

We make it easy for our customers to promote their service, product or event. Our customers know that promotional products from 4imprint's extensive range along with personal, expert service on every order will ensure that their name – and brand – looks great in front of their target audience.

WHERE WE DO IT

We operate the same business model in two primary geographical markets:

NORTH AMERICA

Most of our revenue is generated in North America, serviced from the operation in Oshkosh, Wisconsin

REVENUE

$839.28m

97%

EMPLOYEES

1,166

December 2019

UK AND IRELAND

Customers in the UK and Irish markets are serviced from an office in Manchester, UK

REVENUE

$21.56m

3%

EMPLOYEES

43

December 2019

HOW WE DO IT

Our business operations are focused around a highly developed direct marketing business model.

Reaching our customers

Innovative marketing allows us to introduce millions of potential customers to tens of thousands of customised products.

Looking after our customers

We have an exceptional culture revolving around the delivery of remarkable customer service, and an industry-leading customer guarantee.

Our product range

Our merchandisers work closely with our suppliers to continuously update and curate our extensive product range.

Application of technology

Our appetite for technology delivers an efficient order processing platform and sophisticated data-driven analytics.

OUR OBJECTIVE

Our aim is to drive further organic revenue growth by expanding our market leadership and share in the fragmented markets in which we operate. Our target is to achieve $1bn in Group revenue by 2022.

FIVE YEAR GROWTH

REVENUE ($m)

$860.84m
+17%

19	860.84
18	738.42
17	627.52
16	558.22
15	497.22

UNDERLYING PROFIT BEFORE TAX ($m)

$54.68m
+20%

19	54.68
18	45.59
17	41.91
16	37.92
15	33.25

UNDERLYING EARNINGS PER SHARE (¢)

154.41¢
+19%

19	154.41
18	129.77
17	106.74
16	98.03
15	87.22

Chairman's Statement

FOCUSED ON ACHIEVING OUR TARGETS

PAUL MOODY

2019 was another successful year for 4imprint. The Board has a clear strategy that delivered attractive revenue growth and met profitability targets in the year whilst making significant investments in the Group's future.

FINANCIAL PERFORMANCE

Group revenue for 2019 was $860.8m, an increase of $122.4m (17%) over 2018. All of the revenue growth was organic, reflecting increasing share in a large but still very fragmented market. Underlying profit before tax was $54.7m, 20% ahead of the prior year.

Profit before tax was $54.0m, an increase of 22% over 2018, and profit after tax improved over prior year by 21%. Basic earnings per share also rose 21% to 152.42c.

The 4imprint business model remains highly cash generative. The 2019 year end cash balance of $41.1m (2018: $27.5m) leaves the Group in a strong financial position.

The Company became a constituent of the FTSE 250 Index during the year.

STRATEGIC PROGRESS

The Board is delighted with the Group's progress over the past year. At the annual strategic review, which took place in Oshkosh in October 2019, the Board discussed and reaffirmed the Group's strategic objectives, most specifically in respect of the expansion and development of the brand component of the marketing mix.

The Group has achieved a compound average revenue growth rate of 16% over the last five years. Investment across the business has supported this growth, notably in embroidery production capacity and in operating facilities. The latest phase was completed in August 2019 with the $5m expansion of the Oshkosh distribution centre, completed on time and within budget.

BOARD AND TEAM MEMBERS

We were pleased to welcome Tina Southall to the Board as a Non-Executive Director in May 2019. Tina's experience and insight have already proved to be valuable, particularly in her role as designated NED for engagement with our team members.

Andrew Scull stepped down from the Board at the end of 2019. The Board wishes to thank Andrew for the valuable contribution he has made to the development of the Group over his 15-year tenure.

Unquestionably, the most important driver of 4imprint's success is our people. Our highly professional team members go above and beyond every day in order to deliver the exacting service levels upon which our customers rely.

The Board expresses its thanks to all of our team members for their contribution to the Group's success in 2019.

DIVIDEND

At the half year the Board declared an interim dividend per share of 25.00c, representing an increase of 20% over 2018. 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 59.00c, an increase of 20%, giving a total paid and proposed 2019 regular dividend of 84.00c, up 20% over prior year.

PENSION UPDATE

Our capital allocation framework sets out our commitment to funding our residual legacy defined benefit pension plan (the "Plan"). Subsequent to the triennial revaluation of the Plan in September 2019, a new, accelerated deficit recovery schedule has been agreed with the Plan Trustee, including a 'lump sum' contribution of around $10m to be paid in May 2020. This will serve both (i) to strengthen the current Plan funding level, and (ii) to progress our pension de-risking initiatives by positioning the Plan for eventual buy-out within a five-year timeframe.

CORONAVIRUS UPDATE
We are closely monitoring the situation with regard to COVID-19, the novel coronavirus. Impact on the business has so far been minimal, reflecting the timing of the inventory cycle of our domestic suppliers. However, the situation is very fluid and if production restrictions in China persist, the potential for disruption of our supply chain increases. Should the virus become a global pandemic, the potential effect on the business would expand beyond the supply chain. More detail is provided in the Chief Executive's Review on page 7.

OUTLOOK
Trading results in the first two months of 2020 have been in line with the Board's expectations. We have a clear strategy and a focused business model geared towards a market opportunity that remains highly attractive. We will continue to invest in the business to underpin further organic revenue growth towards and beyond our target of $1bn by 2022. Notwithstanding the fluid situation regarding COVID-19, the outlook for 4imprint is positive.

PAUL MOODY
CHAIRMAN

3 March 2020

Purpose, Principles & Values

PURPOSE
Our purpose is to harness the enduring appeal of promotional products to help our customers build their brand, promote their initiatives, achieve their marketing goals and make lasting connections with those who are important to them. With every order we are trusted to carry a distinctive logo or message on our products, so we understand clearly that our primary aim is to be certain to make our customers and their organisations shine.

We deliver on this trust by nurturing an authentic environment where our people are valued and empowered to do their best work. By placing a particular emphasis on personal fulfilment, we believe that we can attract and retain like-minded teammates who are committed to providing the truly remarkable service that our customers require and deserve. Our people go above and beyond to look after our customers, to help each other, to ensure productive outcomes for our supplier partners, and to have concern for and give back to their communities.

We consider that as long as we prioritise these mutually beneficial outcomes, the long-term interests of the Company, our Shareholders and our wider stakeholders will naturally be protected.

PRINCIPLES & VALUES
We believe that a strong and principled approach to doing business is fundamentally important to our present and future success. Our culture encourages responsible practice at all levels of the organisation and presents clear guiding principles that drive ethical interactions with, and outcomes for, our key stakeholders.

Our guiding principles are further expressed via **"The Golden Rule" – treat others as you would wish to be treated yourself.** This mindset is evident across the business: in our customer service proposition and guarantees; in our product sourcing initiatives; in the way that our team members interact with our customers, our supplier partners and with each other; in the way that we engage in our communities; and in our respect for the environment.

Our values are firmly grounded in the broad principles set out in our purpose and are more specifically articulated, on a daily basis, by reference to the 4imprint Compass.

Chief Executive's Review

FOCUSED ON DELIVER OUR STRATEGY

KEVIN LYONS-TARR

Two years ago, we announced our intention to evolve our strategy to include a new brand element to our marketing mix. In conjunction with this initiative, we set a target of reaching $1bn in Group revenue by 2022. The Group's trading momentum in 2019 continued to demonstrate the benefit of this strategic evolution, leaving us in a good position to achieve our stated revenue goal ahead of schedule.

Revenue	**2019 $m**	2018 $m	
North America	**839.28**	714.55	+17%
UK and Ireland	**21.56**	23.87	–10%
Total	**860.84**	738.42	+17%

Underlying* operating profit	**2019 $m**	2018 $m	
Direct Marketing operations	**58.20**	49.63	+17%
Head office	**(3.32)**	(3.45)	–4%
Share option related charges	**(0.95)**	(0.82)	+16%
Total	**53.93**	45.36	+19%
Operating profit	**53.62**	44.32	+21%

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

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

FINANCIAL HIGHLIGHTS

The Group produced excellent financial results in 2019. Group revenue of $860.8m was up 17% over 2018, underlying operating profit of $53.9m was 19% higher than prior year, and operating profit was up 21%.

Revenue in North America was up 17%, an increase of $124.7m over prior year. 4imprint remains the largest distributor of promotional products in North America. Revenue in the UK, which accounted for 2.5% of Group revenue, was less robust as the business faced tougher trading conditions. Although order intake was essentially flat year-over-year, revenue decreased by 6% in local currency, and by 10% in the Group's reporting currency.

Several factors contributed to the Group's operating profit performance in 2019. The aggregate gross margin percentage was stable through the year and for the full year remained flat with 2018. Marketing expenses rose, as expected, by 18% over 2018 and slightly above the year-on-year revenue increase of 17%. Selling expenses were up 11% over 2018. Overheads, head office costs and share option costs rose in aggregate by 14% over prior year.

ING

These factors combined to generate an improvement in overall underlying operating profit margin to 6.27% (2018: 6.14%).

OPERATIONAL OVERVIEW

297,000 new customers were acquired during 2019. This resulted in orders from new customers rising by 9% over prior year. Orders from existing customers rose by 17% compared to 2018, helped by the powerful dynamic of incremental improvement in retention rates combined with a consistently expanding customer file. In total, our team members processed 1,587,000 individually customised orders.

We have always had an operational mantra of 'test, read, react' in respect of the deployment of our marketing dollars. This approach continued to serve us well in 2019 as we carefully reshaped the overall marketing portfolio. The brand component (primarily TV but also including a radio element) was expanded during the year in response to consistently encouraging performance metrics. To accommodate this, other parts of the budget such as search and print were managed accordingly. Revenue per marketing dollar was $5.58 in 2019 compared to $5.63 in 2018. This result is directly in line with our expectations, particularly given a year-on-year increase in the overall marketing budget of $23.1m.

Our North American operations are served by centralised office and warehouse facilities located in Oshkosh, Wisconsin. In the context of our consistent organic revenue growth in recent years, in 2019 we added a further 85,000 sq. ft. to our distribution centre, increasing the total footprint of that facility to over 300,000 sq. ft. The project was completed on time, within the budget of $5m and is now fully operational. Our capital expenditure plan for 2020 includes $4.7m to increase our embroidery/print capacity for the rapidly growing apparel category. In addition, we plan to invest $3.2m in infrastructure and equipment to support growth at our Oshkosh office and distribution facilities. As we noted at our interim results, the current Oshkosh office facility is approaching capacity. We are in the process of evaluating our options with a view to securing appropriate additional or replacement office space.

We are very pleased, for the twelfth consecutive year, to have been named one of the Great Place To Work: Best Workplaces – Small & Medium Businesses. This reflects the strong and unique workplace culture that sets 4imprint apart.

CORONAVIRUS (COVID-19) UPDATE

We are closely monitoring the situation with regard to COVID-19, the novel coronavirus. Our deepest concern is with the people who have been directly affected by the virus, many of whom are longstanding and highly valued partners in our supply chain.

Approximately 60% of the blank stock for the products that we sell originates in China. These blank products are imported in bulk by our domestic suppliers who keep them in their local inventory, eventually to be imprinted with a logo and shipped to our customers as orders are placed. The fact that the outbreak occurred around the Lunar New Year means that most of our domestic suppliers were at peak inventory levels when the outbreak began – they typically place orders in preparation for the first half of the year to be delivered, or to be in transit, before the Lunar New Year begins. As a result, to date there has been almost no impact on 4imprint from COVID-19.

However, the situation is still very fluid. The Chinese manufacturers who effectively 'supply our suppliers' are spread throughout China, typically specialising in a product category. Each of these suppliers is different based on their geographical location, workforce location and requirements, transit restrictions, access to raw materials for the specific product they produce and other factors. The level of any disruption for 4imprint will be closely linked to how long factories are delayed in resuming production. The reduced capacity seen in February, and even into March, is unlikely to cause major disruption in the short-term simply due to the inventory cycle of our domestic suppliers. However, the longer that production restrictions persist, it becomes more likely that the inventory held by our domestic suppliers will be depleted and some element of disruption to the supply chain becomes more likely.

Clearly, if the virus were to become a global pandemic, other factors come into play and the potential for disruption to our business expands beyond the supply chain.

We are actively working with all parties in the supply chain to plan for, and where possible mitigate, adverse supply effects at all levels. We are also monitoring closely the developing situation and preparing to address other potential impacts caused by the spread of the virus globally.

LOOKING AHEAD

We remain confident in our strategy, our business model and the market opportunity. Our entire team is working hard to achieve and surpass our $1bn revenue target and we look forward to setting new strategic goals at that point.

Strategic Objectives

OBJECTIVES

Market leadership driving organic revenue growth

- To be the leading direct marketer of promotional products in the markets in which we operate
- To expand share in fragmented markets through investment in organic growth
- To establish 4imprint as the recognised brand for promotional products within our target audience
- To achieve $1bn in Group revenue by 2022

KEY ENABLERS

- **Competitive advantage through continuous development of and sustained investment in:**
  - Marketing
  - People
  - Technology
- **Differentiation through operational excellence:**
  - Customer service
  - Merchandising and supply
  - Efficient processing of individually customised, time-sensitive orders at scale

RISKS

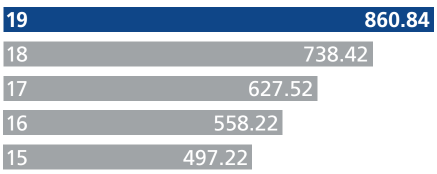
- **Macroeconomic conditions**
- **Competition**
- **Business facility disruption**
- **Disruption to product supply chain or delivery service**
- **Disturbance in established marketing techniques**
- **Reliance on key personnel**
- **IT failure/interruption**
- **Failure to adapt to new technology**
- **Cyber threats**

For more information
See pages 22-26

KPIs

REVENUE GROWTH ($m)

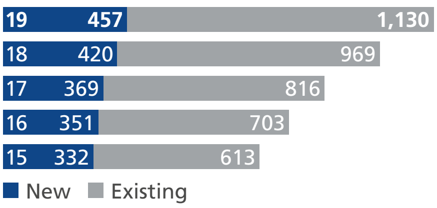
$860.84m +17%



Organic revenue growth is the cornerstone of our strategic framework. Year-over-year revenue growth gives the clearest measure of progress towards our target of $1bn in Group revenue by 2022.

NUMBER OF ORDERS RECEIVED (000s)

1,587 +14%



Orders received statistics are collated on a daily, weekly and monthly basis to evaluate performance against the targets in our operational plan for both new and existing customers. Analysis of order patterns offers a clear and immediate measure of operational performance, particularly in a business characterised by relatively stable average order size and gross margins.

24-MONTH CUSTOMER RETENTION (%)

43.4%

The 24-month retention rate offers visibility as to the broad stability and strength of a growing customer file. It will vary year-to-year to some degree based on a variety of factors (e.g. timing of when a new customer is acquired in their first year, and timing of retention marketing), and as such performance should be viewed relative to an acceptable bandwidth.

OBJECTIVES

Cash generation and profitability

- To deliver reliable and increasing free cash flow over the medium to longer term
- To balance short-term profitability with marketing investment opportunities leading to sustainable long-term free cash flow and EPS growth

KEY ENABLERS

- **Reinvestment of cash generated from operations into organic growth initiatives based on multi-year revenue/return projections**
- **Disciplined approach to investment:**
  — Marketing investment based on our assessment of both prevailing market conditions and a combination of current and future customer-centric metrics, including prospecting yield curves, retention patterns and lifetime revenue profiles
  — Capital investment evaluated based on cash payback and discounted cash flow parameters
- **Direct marketing 'drop-ship' business model, facilitating efficient working capital management**
- **Low capital intensity of the business**

RISKS

- **Macroeconomic conditions**
- **Competition**
- **Currency exchange**
- **Business facility disruption**
- **Disruption to product supply chain or delivery service**
- **Disturbance in established marketing techniques**
- **Reliance on key personnel**
- **IT failure/interruption**
- **Cyber threats**

For more information
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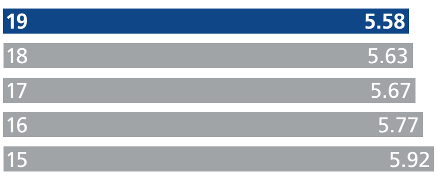
KPIs

REVENUE PER MARKETING DOLLAR ($)

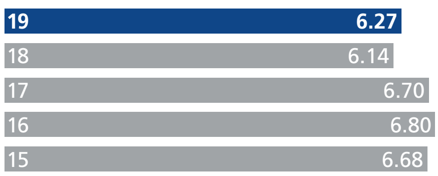
$5.58



Revenue per marketing dollar provides a measure of the productivity of our marketing investment. We measure performance relative to in-year targets as opposed to historical trend in accordance with our strategic objectives for organic growth, profitability and cash generation. A gentle reduction in this KPI is to be expected and is in keeping with the nature of marketing yield curves.

UNDERLYING OPERATING MARGIN (%)

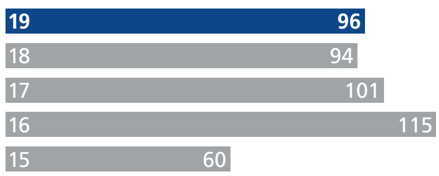
6.27%



This KPI shows the profitability of the Group's trading operations. In recent years our strategy has been to maintain a broadly constant operating margin. It is possible, however, that specific immediate marketing opportunities may arise, impacting operating margin in the near term but strengthening our position in the market with recovery in operating margin in subsequent years.

CASH CONVERSION (%)

96%



Cash conversion measures the efficiency of the 4imprint business model in the conversion of operating profits into underlying operating cash flow. A high percentage reflects good working capital management and disciplined capital investment. The 2019 numbers include the $5m capital investment in the Oshkosh Distribution Centre.

Strategic Objectives continued

OBJECTIVES

Effective capital structure

- To maintain a stable and secure balance sheet aligned with the Group's growth objectives
- To have the flexibility to be able to continue investing in the business through different economic cycles
- To enable the Group to act swiftly when investment opportunities arise
- To maintain commitment to making regular dividend payments through an economic downturn
- To meet pension contributions as they become due

KEY ENABLERS

- **Conservative balance sheet funding approach**
- **Capital allocation priorities in line with strategic objectives**

RISKS

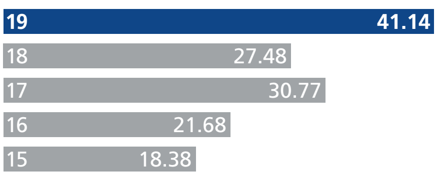
- **Macroeconomic conditions**
- **Currency exchange**
- **Ultimately all other risks noted in previous objectives relating to revenue, profitability and cash generation**

For more information
See pages 22-26

KPIs

CASH BALANCE ($m)

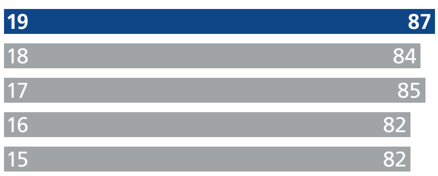
$41.14m



Our balance sheet funding guidelines call for the business to aim for a target cash balance at the end of each financial year. The net cash balance KPI shows the Group's performance in managing its cash resources relative to its capital allocation priorities. The 2019 closing net cash balance remains healthy.

RETURN ON AVERAGE CAPITAL EMPLOYED ("ROACE") (%)

87%



This provides a measure of the Group's efficiency in the use of its capital resources. We aim to maintain or improve this KPI via increased profitability, strong working capital management and productive capital investment, along with disciplined adherence to clear capital allocation principles. Our definition of ROACE excludes the net pension deficit from the calculation.

PENSION DEFICIT/MARKET CAPITALISATION (%)

1.0%

This KPI quantifies the substantial efforts made so far in de-risking the Group's legacy defined benefit pension liability and will chart future progress in moving towards our eventual aim of full buy-out.

OBJECTIVES

Shareholder value

To deliver increasing Shareholder value through execution of the Group's growth strategy

KEY ENABLERS

- **Financial discipline in evaluation of investment opportunities**
- **Clear priorities in capital allocation:**
  - — Organic growth initiatives
  - — Regular dividend payments
  - — Residual legacy pension funding
  - — M&A opportunities
  - — Other Shareholder distributions

RISKS

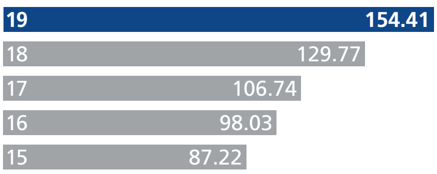
- **Macroeconomic conditions**
- **Currency exchange**
- **Reliance on key personnel**
- **Cyber threats**
- **Ultimately all other risks noted in previous objectives relating to revenue, profitability and cash generation**

For more information
See pages 22-26

KPIs

UNDERLYING EARNINGS PER SHARE (¢)

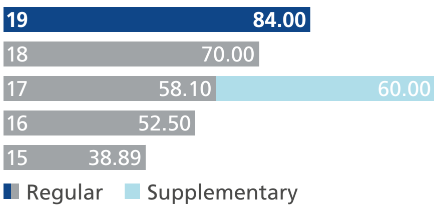
154.41¢



Underlying earnings per share growth over time gives a clear indication of the health of the business and is a key component in the delivery of Shareholder value. The 19% increase in EPS in 2019 is primarily driven by the year's strong trading performance.

DIVIDENDS PER SHARE (¢)

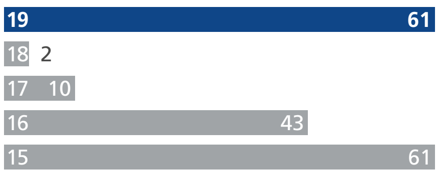
Regular – 84.00¢



The DPS number provides a tangible measure of the delivery of Shareholder value. The 2019 regular dividend is in line with the Board's commitment to increasing the dividend payment broadly in line with EPS growth.

TOTAL SHAREHOLDER RETURN ("TSR")
(% IN YEAR)

61%



Our aim is to deliver consistent performance and attractive TSR. This KPI reflects the strong performance of 4imprint shares in 2019.

Market Opportunity

Market leadership driving organic revenue growth is the cornerstone of our strategic framework. We aim to establish 4imprint as the recognised brand for promotional products, driving our continued ability to grow at a rate significantly higher than the overall growth rate of the industry.

In 2019, 4imprint retained its position as the largest distributor in the US promotional products industry according to the rankings of both PPAI and ASI, the leading industry trade bodies.

WHERE WE DO BUSINESS

We operate in two primary geographical markets:

- *North America:* The US and Canadian promotional products markets together are estimated to total around $27.3bn in annual revenue. We serve this market from a centralised base in **Oshkosh, Wisconsin**.
- *UK and Ireland:* The UK and Irish promotional products market size is estimated at around $1.5bn per year. Our office serving these markets is in **Manchester, UK**.

The marketplace for promotional products is fragmented. Our largest market, the USA, is served by an estimated 24,000 distributors, of whom more than 20,500 have annual revenue of less than $2.5m. The distribution structure is similar in the Canadian and UK/Irish markets. 4imprint is the largest direct marketer of promotional products in each market.

OUR CUSTOMERS

Promotional products are purchased by a wide range of individuals within all types of businesses and organisations. These products have many uses: as an integral part of sales and marketing campaigns; for recruitment or recognition activities; to promote health and safety initiatives; and for any other method of making a connection between our customer's organisation and the recipient of the item.

We define our customer as the individual placing the order, rather than the business or organisation for which the individual works or with which he/she is associated. Our customer base is widely dispersed geographically, by size of business/organisation and across commercial, governmental, educational, charitable, religious and other segments.

Our target customer will typically be working at an organisation of 25 or more employees. No single customer comprises a material part of 4imprint's overall revenue.

OUR PRODUCTS

We sell an extensive range of promotional products – merchandise that is custom printed with the logo or name of an organisation with the aim of promoting a brand, service, product or event.

Our product range comprises tens of thousands of individual products ranging from basic giveaways such as pens, bags and drinkware to higher value items such as embroidered apparel, business gifts and full size trade show displays, enabling our customers to find the perfect product for their promotion and their brand. This range is carefully curated by an experienced merchandising team.

TOP PRODUCT CATEGORIES

1. APPAREL
2. BAGS
3. DRINKWARE
4. WRITING
5. STATIONERY
6. TECHNOLOGY
7. OUTDOOR & LEISURE
8. TRADE SHOW & SIGNAGE
9. AUTO, HOME & TOOLS
10. WELLNESS & SAFETY

PRODUCT TRENDS

Our merchandisers track market trends to identify the products that our customers are looking for:

Technology is a fast-moving category as we become more and more dependent on tech in our daily lives. Wireless charging pads are popular in retail, leading to promotional product designs incorporating wireless chargers into other useful office items. Webcam covers are another example of a tech product growing in popularity along with increasing online privacy and safety concerns.

Apparel remains our largest category, making a significant contribution to overall revenue growth in 2019. An expanding product range and a simplified and persuasive customer offering are supported by our substantial in-house embroidery capability.

Vacuum travel mugs are increasingly popular, again following developments in retail. The durable nature of these items in conjunction with the wide variety of sizes and designs mean that our customer's name and logo feature prominently as the mugs are used time and time again.

Retail brands are important to many customers as they stand for the quality, style and function of their products. Extra value is added when our customers add their name and logo to an already popular branded product. The addition of established retail brands such as The North Face®, Spyder® and New Era® has been important in expanding the 4imprint range.

Reusability has been a focus for product development. Attention to the environment is a key consideration for many of our customers. For example, as people move away from disposable drinking straws, a replacement is often the reusable straw that can be washed and used repeatedly without entering the waste stream. Reusable bags and drinkware are also good examples of the power of reusability.

Market Opportunity continued

OUR PROPOSITION

Our customers can be certain that our team and our products will meet their expectations, every time.

Whether raising awareness, sponsoring events, acquiring customers, recruiting new employees or supporting causes, our customers know that promotional products from 4imprint will ensure that their name – and brand – looks great in front of their target audience.

Our 360° Guarantee® and personal, expert service on every order take away the worry, making 4imprint the trusted right hand minding the details every step of the way.

COMPETITIVE ADVANTAGE

Speed and rapid production time are increasingly important in the promotional products industry. 4imprint has an expansive 24-hour product offering, with nearly 7,000 items available to order today, ship tomorrow.

Value is always an important merchandising consideration. Our Valuebuy$ range of products focuses on essential products, highlighting items featuring not only a competitive price but also quality, fast lead times and great colour selection.

Exclusive products. Nearly 600 products are available only to 4imprint customers, including items in exclusive colours or designs. The 'Only at 4imprint' tag provides an effective marketing tool, and also reflects the deep relationships that 4imprint has developed with trusted supplier partners.

4imprint 'own label' brands. Over the last few years 4imprint has developed and continues to evolve its own exclusive brands to fill a gap in certain product categories.

- Crossland®. The Crossland® brand began as an 'outdoor' apparel brand, primarily in fleece jackets. In 2018 the brand was successfully expanded into other product categories, including 'beanie' hats, blankets and vacuum mugs. 2019 saw additional apparel lines, as well as vacuum drinkware, backpacks and coolers, added under the Crossland® brand. In 2020 the brand will continue to grow across categories, to include duffel bags and portable chairs, in conjunction with an integrated brand marketing plan.
- reFresh®. The exclusive reFresh® brand was launched in 2017 as a line of affordable water bottles in a variety of designs and colours. Through 2019, the brand has evolved to include competitively priced, brightly coloured tumblers and travel mugs. 2020 will bring further expansion of the brand, including coolers from lunchbox size to 28 can capacity.
- SuperKid™. The SuperKid™ brand is another 4imprint exclusive, cross-category initiative targeted at the young and the young at heart. Currently consisting of stickers and temporary tattoos with positive messages, along with pencils and tote bags, this brand will grow in 2020 to include additional products.

CROSSLAND®

CASE STUDY

Crossland® is a 'Private Label' brand exclusive to 4imprint.

The initial brand launch in 2014 featured a small range of fleece jackets, positioning the brand with an active, 'outdoors' image and an emotional appeal that immediately resonated with our customers.

Since then the Crossland® brand has seen significant growth and product range expansion in line with a clear brand development plan.

In 2018 we began to add further Crossland® branded products to complement the core fleece/outerwear offering. Items such as blankets, 'beanie' hats, and vacuum mugs were added to the range, with our merchandising team taking care to align the products with the brand's lifestyle promise. 2019 saw further cross-category product expansion under the Crossland® brand, with key, well positioned new products such as can holders, coolers, backpacks, duffels and fold-up chairs finding their place as top sellers in their category.

The success of the Crossland® brand provides a template for further Private Label brands. Our reFresh® brand began with a line of colourful and affordable water bottles with exclusive designs. That brand is now being extended cross-category into cooler bags and other products. The launch of two more Private Label brands is planned for later in 2020.

4imprint's Private Label products are developed in conjunction with our valued suppliers, demonstrating the innovative capabilities embedded in our end-to-end supply chain.

Business Model

Our business is the sale and distribution of promotional products. Our commercial operations are built around a direct marketing business model designed to introduce millions of potential customers to tens of thousands of customised promotional products.

KEY STRENGTHS

OUR PEOPLE

- Strong company culture
- Highly trained, long-tenured team members
- Empowered to 'do the right thing'

REACHING OUR CUSTOMERS

- Expanding and productive customer file
- Marketing 'engine' able to attract new and retain existing customers
- Long tradition of excellence in customer service

OUR PLATFORM

- Proprietary, scalable IT system
- Reliable and resilient supplier network

FINANCIAL STRENGTH

- Strong balance sheet
- Investment in the business
- Highly cash generative model driving self-financed growth

WHAT WE DO

CUSTOMER PROPOSITION

- **Fast, easy and convenient**
- **Expansive and relevant product range**
- **Industry-leading customer guarantee**
  - — Online or over the phone
  - — Free samples and artwork
  - — Remarkable customer service
  - — Certain delivery. It's on time or it's on us
  - — Certain value. Or we'll refund double the difference
  - — Certain happiness. If you're not 100% satisfied, we'll refund or rerun your order

APPLICATION OF TECHNOLOGY

- **Websites, mobile, customer-facing**
- **Proprietary order processing platform**
- **Sophisticated database analytics**
  - — Mature, scalable systems
  - — Efficient order processing
  - — Supplier integration
  - — Data-driven marketing
  - — Innovative web and back office technology

'DROP-SHIP' FROM SUPPLIERS

- Unrestricted access to tens of thousands of products
- Efficient delivery of orders to short lead times
- Minimal investment in inventory
  - Supplier holds the inventory
  - Supplier prints the product
  - Order shipped direct to customer
  - Close relationships with suppliers
  - Merchandisers ensure the product range is continually updated and curated

INNOVATIVE MARKETING

- Data-driven heritage and discipline
- Multi-faceted, evolving marketing portfolio
- Brand, search, catalogue
  - New customer acquisition
  - Growing customer file
  - Existing customer retention
  - Blue Box™

STAKEHOLDER OUTCOMES

SHAREHOLDERS

Strong cash generation permits us to reinvest in the continued growth of the business, and to reward our Shareholders through dividend payments and share price appreciation.

For more information see page 11

CUSTOMERS

Promotional products work: they help our customers achieve their marketing goals, promote their safety initiatives and recognise their employees, amongst many other uses.

For more information see page 12

TEAM MEMBERS

We are committed to a culture that encourages the training, development, wellbeing and personal fulfilment of every team member.

For more information see pages 31-32

SUPPLIERS

We have productive relationships with our trusted supplier partners. Our suppliers can expect to be treated in accordance with the 4imprint "Golden Rule" and to be paid on time.

For more information see page 33

COMMUNITY

Our team members are actively engaged in our communities, including charitable giving and volunteering activities.

For more information see page 36

PENSION TRUSTEE

We stand firmly behind our legacy defined benefit pension scheme obligations. See page 19 for further details.

Details of engagement with stakeholders is on pages 27 to 29, covering the Directors' duties under section 172 (1) Companies Act 2006.

Financial Review

FOCUSED ON FINANCIAL DISCIPLINE

DAVID SEEKINGS

	2019 Underlying* $m	2018 Underlying* $m	2019 Total $m	2018 Total $m
Underlying operating profit	**53.93**	45.36	**53.93**	45.36
Exceptional items			**–**	(0.72)
Defined benefit pension admin charges			**(0.31)**	(0.32)
Net finance income/ (cost)	**0.75**	0.23	**0.37**	(0.17)
Profit before tax	**54.68**	45.59	**53.99**	44.15

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

OPERATING RESULT

Group revenue in 2019 of $860.84m was 17% up over prior year. All of the revenue growth was organic. Underlying operating profit increased over 2018 by 19% to $53.93m. These results are consistent with the Group's strategy to deliver profitable organic revenue growth through increasing investment in marketing.

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

	2019 $m	2018 $m
Revenue	**860.84**	738.42
Gross profit	**275.32**	236.19
Marketing costs	**(154.31)**	(131.23)
Selling costs	**(31.04)**	(27.85)
Admin & central costs	**(35.09)**	(30.93)
Share option related charges	**(0.95)**	(0.82)
Underlying operating profit	**53.93**	45.36

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 30.

FOREIGN EXCHANGE

The primary US dollar exchange rates relevant to the Group's 2019 results were as follows:

	2019		2018	
	Period end	Average	Period end	Average
Sterling	**1.31**	**1.28**	1.27	1.34
Canadian dollars	**0.76**	**0.75**	0.73	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 arises in US dollars, the Group's reporting currency, hence translational risk in the income statement is low. The net impact on the 2019 income statement from trading currency movements was not material to the Group's results (note 21).
- 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 loss on the pension liability in the year of $0.40m.

- 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 movement of Sterling against the US dollar during 2019 meant that every US$1m converted to Sterling was worth around £24,000 less at the 2019 closing rate compared to the 2018 closing rate.

SHARE OPTION CHARGES

A total of $0.95m (2018: $0.82m) was charged in the year in respect of IFRS 2 'Share-based Payments'. This was made up of elements from executive awards made under the 2015 Incentive Plan and charges relating to the UK SAYE and the US ESPP plans.

Current options and awards outstanding are 125,095 shares under the UK SAYE and US ESPP plans and 70,739 shares under the 2015 Incentive Plan. Awards under the 2015 Incentive Plan in respect of 2019 are anticipated to be made in late March 2020.

EXCEPTIONAL ITEMS

There was no exceptional charge in the year. During 2018 an exceptional item of $0.72m was charged. This related to estimated past service costs resulting from Guaranteed Minimum Pension equalisation in our defined benefit pension scheme following the Lloyds case.

NET FINANCE INCOME

Net finance income for the year, before pension finance charge, was $0.75m (2018: $0.23m). This is comprised of net bank interest income of $0.80m (2018: $0.23m) and lease interest charges of $0.05m (2018: nil). The year-over-year positive swing of $0.56m on bank interest primarily reflects higher cash deposits.

TAXATION

The tax charge for the year was $11.28m (2018: $8.95m), giving an effective tax rate of 21% (2018: 20%). The charge comprised current tax of $10.32m, representing tax payable in the USA, and a deferred tax charge of $0.96m.

The tax charge relating to underlying profit before tax was $11.41m (2018: $9.23m), an effective tax rate of 21% (2018: 20%).

EARNINGS PER SHARE

Underlying basic earnings per share was 154.41c (2018: 129.77c), an increase of 19%. This was slightly lower than the 20% increase in underlying profit before tax due to the higher effective tax rate in 2019.

Basic earnings per share was 152.42c (2018: 125.61c), an increase of 21%.

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 59.00c (2018: 49.20c) which, together with the interim dividend of 25.00c, gives a total paid and proposed regular dividend relating to 2019 of 84.00c, an increase of 20% compared to prior year.

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.2781 (2018: £1.00/$1.319). This results in a final dividend payable to Shareholders of 46.16p (2018: 37.30p), which, combined with the interim dividend paid of 20.52p, gives a total dividend for the year of 66.68p, an increase of 25% compared to prior year.

The final dividend will be paid on 15 May 2020 to Shareholders on the register at the close of business on 14 April 2020.

DEFINED BENEFIT PENSION PLAN

The Group sponsors a legacy defined benefit pension plan (the "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 around 98 pensioners and 273 deferred members.

At 28 December 2019, the net deficit of the Plan on an IAS 19 basis was $12.31m, compared to $15.02m at 29 December 2018. At 28 December 2019 gross scheme liabilities under IAS 19 were $36.32m, and assets were $24.01m.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 30 December 2018	**(15.02)**
Company contributions to the Plan	**3.59**
Pension administration costs	**(0.31)**
Pension finance charge	**(0.38)**
Re-measurement loss due to changes in assumptions and return on assets	**0.21**
Exchange loss	**(0.40)**
IAS 19 deficit at 28 December 2019	**(12.31)**

The net liability reduced by $2.71m in the year, driven primarily by employer's contributions of $3.59m offset by administration, finance and exchange charges. In Sterling, the net deficit decreased by £2.44m in the year to £9.40m.

A full actuarial valuation was performed in respect of the Plan in September 2016. At that time, deficit recovery contributions of £2.25m per annum were agreed with the Trustee. These contributions commenced on 1 July 2017, rising by 3% per annum. The agreed recovery timeframe was a period of five years seven months until 31 January 2023, at which point the funding shortfall on a technical provisions basis was expected to be eliminated. In addition, an annual payment of £0.25m was agreed towards the costs of the Plan's administration and management. The Company is also committed to funding agreed transfer values out of the Plan, at a funding rate of 50% of the transfer value. $0.28m was paid in 2019 in respect of transfers out of the Plan.

A new triennial actuarial valuation of the Plan as at September 2019 has been prepared and this forms the basis of the 2019 IAS 19 valuation set out above.

Following the 2019 triennial valuation, and in consultation with the Trustee, the Company has committed to a revised, accelerated, schedule of deficit recovery contributions going forward. This reflects: (i) movements in actuarial assumptions, particularly bond yields driving down the discount rate, and (ii) the desire of both the Company and the Trustee to move beyond funding on a technical provisions basis to funding geared towards further de-risking and eventual Plan buy-out within a reasonable timeframe. The new schedule of deficit contributions consists of a lump sum of £7.50m (c.$10m) payable in May 2020, followed, from 1 July 2020 onwards, by annual contributions that remain at the existing agreed level of £2.46m per annum, rising by 3% annually. The agreed new recovery plan ends in July 2024. An allowance of £0.30m per year, rising by 3% annually, will also be paid towards the cost of the Plan's administration and management. The Company will remain committed to funding agreed transfer values out of the Plan at a funding rate of 50% of the transfer value.

CASH FLOW

The Group had net cash of $41.14m at 28 December 2019, an increase of $13.66m over the 29 December 2018 balance of $27.48m.

Financial Review continued

Cash flow in the period is summarised as follows:

	2019 $m	2018 $m
Underlying operating profit	**53.93**	45.36
Share option related charges	**0.93**	0.81
Depreciation and amortisation	**2.78**	2.65
Lease depreciation	**1.50**	–
Change in working capital	**0.70**	(3.19)
Capital expenditure	**(8.18)**	(2.86)
Underlying operating cash flow	**51.66**	42.77
Tax and interest	**(9.57)**	(7.62)
Defined benefit pension contributions	**(3.59)**	(3.93)
Own share transactions	**(2.56)**	(0.47)
Capital element of lease payments	**(1.69)**	–
Exceptional items	**–**	(0.05)
Exchange gain/(loss)	**0.07**	(1.01)
Free cash flow	**34.32**	29.69
Dividends to Shareholders	**(20.66)**	(32.98)
Net cash inflow/(outflow) in the period	**13.66**	(3.29)

The Group is typically very cash generative, and this remained the case in 2019. 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 96%. If the $5m of capital spend on the Oshkosh distribution centre expansion is added back, cash conversion would have been 105%.

In accordance with IFRS 16, lease depreciation and the capital element of lease payments are included in the cash flow. There are no comparatives since an opening equity adjustment was booked as opposed to restating prior periods. In 2018 the full lease payments of $2.0m were charged within operating profit. Overall, the implementation of IFRS 16 has no net impact on free cash flow.

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

BALANCE SHEET AND SHAREHOLDERS' FUNDS

Net assets at 28 December 2019 were $62.95m, compared to $43.27m at 29 December 2018. The balance sheet is summarised as follows:

	28 December 2019 $m	29 December 2018 $m
Non-current assets	**31.84**	25.73
Working capital	**5.15**	5.85
Net cash	**41.14**	27.48
Pension deficit	**(12.31)**	(15.02)
Other assets/(liabilities) – net	**(2.87)**	(0.77)
Net assets	**62.95**	43.27

Shareholders' funds increased by $19.68m, comprising: net profit in the period of $42.72m; $(0.17)m of exchange losses; net $(0.37)m of pension related movements; $0.92m of net share option related movements; $(2.57)m relating to purchase of own shares, net of option proceeds; $(20.66)m equity dividends paid to Shareholders; and an adjustment to opening net equity of $(0.19)m arising from the implementation of IFRS 16 (see note 30).

The Group had a characteristically low net negative working capital balance of $5.15m at 28 December 2019 ($5.85m at 29 December 2018).

As a result of the adoption of IFRS 16, a 'right-of-use' asset of $1.99m is included within Non-current assets. An associated liability of $2.05m is included within Other assets/(liabilities).

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.
- To meet our pension contribution commitments as they fall due.

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

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

CAPITAL ALLOCATION

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

- **Organic growth investments**
  - — Either capital projects or those expensed in the income statement
  - — Market share opportunities in existing markets
- **Interim and final dividend payments**
  - — Increasing broadly in line with earnings per share through the cycle
  - — Aim to at least maintain dividend per share in a downturn
- **Residual legacy pension funding**
  - — 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, but forward contracts have been used during the year. The Group holds the majority of its cash with its principal US and UK bankers.

The Group has $20.0m of working capital facilities with its principal US bank, JPMorgan Chase, N.A. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 May 2021. 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 policies are in respect of pensions and leases.

BREXIT RISK

Despite the fact that Brexit has now occurred significant uncertainty remains, particularly over trading arrangements with the EU. As rehearsed previously, 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 residual negative effects. Consequently, 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 elsewhere in this report.

GOING CONCERN

The Board reviews several factors when considering whether the financial statements should be prepared on a going concern basis:

- The Group's business activities, together with management's current view of circumstances likely to affect its future development, performance and financial position (summarised in the Strategic Report on pages 6 to 36).
- The financial position of the Group, its principal risks and uncertainties, its cash flows, net cash position, borrowing facilities and policies for managing financial risk, which are described in this Financial Review and the Principal Risks & Uncertainties on pages 18 to 26.

As a result of this review, the Board has a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least twelve months from the date this report was approved. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

LONG-TERM PROSPECTS AND VIABILITY

In accordance with Provision C.2.2 of the UK Corporate Governance Code 2016, and Provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the prospects and viability of the Group.

ASSESSMENT OF PROSPECTS

The Group's strategy, market position and business model, as set out on pages 8 to 17 of the Strategic Report, are central to an understanding of its prospects. These factors provide a framework for the rolling three year plan which is developed as part of the annual budget process and reviewed by the Board to assess the Group's prospects. Established and reliable demand forecasting models are driven by customer acquisition and retention assumptions, which are flexed to account for known initiatives and anticipated market developments over the three year forecast period.

The three year timeframe for assessing both prospects and viability is considered to be appropriate due to the following factors:

- It is consistent with the Group's rolling three year strategic planning process.
- It reflects reasonable expectations in terms of the reliability and accuracy of operational forecasting models.
- It acknowledges that the Group's business model does not rely heavily on fixed capital, long-term contracts or fixed external financing arrangements.
- It recognises that projections looking out further than three years become significantly less meaningful in the context of the fast-moving nature of the business and its markets.

CONFIRMATION OF VIABILITY

The Board's assessment of the Group's prospects, as described above, has been made with reference to current market conditions and known risk factors. The principal risks and uncertainties facing the Group are outlined on pages 22 to 26. In the light of the Group's financial performance over recent years, the Board considers that the key factor which would prejudice the delivery of the Group's stated financial objectives is a significant decline in demand, leading to lower or negative revenue growth and a lower return on marketing spend. Using the current three year rolling forecasts as a base case, alternative forecasts have been produced to model the effects on the Group's liquidity and solvency of very severe but plausible combinations of the principal risks and uncertainties on demand levels in the business.

The basis for the key assumptions used in the viability model was an overall effect similar to, but more severe than, that experienced during the 2008/9 financial crisis. New customer acquisition and existing customer retention metrics were significantly degraded in the model, resulting in a 6.25% year-on-year drop in revenue compared to an actual revenue decline of 3.05% from 2008 to 2009. However, expenditure in the areas of marketing, payroll and technology were maintained at 2019 levels or higher. Revenue and profitability are clearly affected in this scenario, but the business retains a robust financial position with the Group able to maintain its external dividend payments at current rates.

The assumptions used in the viability model and the resultant sensitised financial forecasts have been reviewed and approved by the Board. The conclusion of this review is that the Group has significant financial flexibility, starting with a net cash position, but remaining cash positive even under severe economic stress and able to continue investing in marketing, people and technology, which are key differentiators in its strategy.

Based on this review of the Group's prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and to meet its liabilities as they fall due, for the next three years.

NON-FINANCIAL REPORTING REGULATIONS

The table below sets out where stakeholders can find information in our Strategic Report relating to non-financial matters, as required by sections 414CA and 414CB of the Companies Act 2006. The information found in the below pages form our non-financial statement.

Reporting requirement	Section of the Annual Report	Page(s)
Environmental matters	Responsibility	34-35
Employees	Responsibility	31-32
Social matters	Responsibility	36
Human rights	Responsibility	34
Anti-corruption and anti-bribery	Responsibility	34
Business model	Business Model	16-17
Non-financial KPIs	Strategic Objectives	8-11
Principal risks	Principal Risks & Uncertainties	22-26

MANAGEMENT REPORT

The Strategic Report is considered to form the management report for the purpose of DTR4.1.8R.

Principal Risks & Uncertainties

4imprint seeks to take a balanced approach to the risks and uncertainties that it faces.

RISK APPETITE
4imprint's strategic objectives (see pages 8 to 11) revolve around market leadership and organic revenue growth ahead of the industry as a whole. The Board encourages an appetite for measured risk-taking that contributes to both the operational agility and innovative culture that it believes is necessary to meet the Group's strategic objectives. That appetite is, however, tempered by risk identification, evaluation and management.

RISK MANAGEMENT PROCESS
The Board has ultimate responsibility for the Group's risk management process, although responsibility for reviewing specific risk controls may be delegated to the Audit Committee. The Executive Directors and operational management teams are responsible for the identification and evaluation of risks and the subsequent implementation of specific risk mitigation activities. A risk review is conducted by the Board at least annually, and evolving or urgent issues are discussed at regular Board meetings.

EMERGING RISKS
It is important to note that business operations are conducted from centralised facilities in Oshkosh and Manchester, with short reporting lines. The Executive Directors are close to day-to-day matters, facilitating early identification of, and response to, evolving risks.

Risk appetite, the risk management process, and associated mitigating activities are all essential elements of the Group's strategic and operational planning processes.

4imprint's business model means that it may be affected by a number of risks, not all of which are within its control. Outlined below are the current principal potential risks and uncertainties to the successful delivery of the Group's strategic goals. The list is not exhaustive and other, as yet unidentified, factors may have an adverse effect.

Economic and market risks

A MACROECONOMIC CONDITIONS

DESCRIPTION OF RISK
The business conducts most of its operations in North America and would be affected by a downturn in general economic conditions in this region or negative effects from tension in international trade. In previous economic downturns, the promotional products market has typically softened broadly in line with the general economy.

POTENTIAL IMPACT
- Customer acquisition and retention could fall, impacting revenue in current and future periods.
- The growth and profitability levels called for in the Group strategic plan may not be achieved.
- Cash generation could be reduced broadly corresponding to a reduction in profitability.

MITIGATING ACTIVITIES
- Management monitors economic and market conditions to ensure that appropriate and timely adjustments are made to marketing and other budgets.
- The customer proposition in terms of promotions, price, value and quality of product can be adjusted to resonate with customer requirements and budgets in changing economic climates.
- The Group's balance sheet funding policy (see page 20) aims to provide operational and financial flexibility to facilitate continued investment in the business through different economic cycles.

LINK TO STRATEGY
Organic revenue growth

Cash generation and profitability

DIRECTION
International trade tensions and political instability have increased economic volatility in the US

Brexit uncertainty in the UK has led to lack of business confidence

Potential development of COVID-19 virus into a pandemic

Increased

B MARKETS & COMPETITION

DESCRIPTION OF RISK	POTENTIAL IMPACT	MITIGATING ACTIVITIES	LINK TO STRATEGY
The promotional products markets in which the business operates are intensely competitive. The development of buying groups and online marketplaces may allow competitors to reach a broader audience. New or disruptive business models looking to break down the prevailing distributor/supplier structure may become a threat. Private equity interest in the promotional products industry has increased in recent years, offering potential funding for existing competitors or new entrants.	• Aggressive competitive activity or a disruptive new model could result in pressure on prices, margin erosion and loss of market share, impacting the financial results. • The Group's strategy based on achieving organic revenue growth in fragmented markets may need to be reassessed.	• An open-minded culture and an appetite for technology are encouraged, with the aim of positioning the business at the forefront of innovation in the industry. • Management closely monitors competitive activity in the marketplace. • Price, satisfaction and service level guarantees are an integral part of the customer proposition. Customer surveys and market research are used to gauge customer satisfaction and perception, and the causes of any negative indications are investigated and addressed rapidly.	Market leadership Organic revenue growth Cash generation and profitability **DIRECTION** The competitive landscape to date has been relatively consistent in our main markets No disruptive model has yet gained much traction in the industry Unchanged

C CURRENCY EXCHANGE

DESCRIPTION OF RISK	POTENTIAL IMPACT	MITIGATING ACTIVITIES	LINK TO STRATEGY
There is some exposure to currency exchange risk. Although the business trades predominantly in US dollars, it also transacts business in Canadian dollars, Sterling and Euros, leading to some currency risk on trading. In addition, head office costs, pension scheme commitments and dividends are payable in Sterling, consequently the business may be adversely impacted by movements in the Sterling/US dollar exchange rate when it repatriates cash to the UK.	• The financial results of trading operations, and therefore overall profitability, may be negatively affected. • The financial condition and cash position of the Group may differ materially from expectations. In an extreme scenario, the Group's strategic objectives around capital structure and core dividend commitments could be disrupted.	• The Group reports its results in US dollars, minimising currency impact on reported revenue, operating profit and net assets since trading operations are concentrated mainly in North America. • The Group can use forward contracts to hedge anticipated cash receipts from its overseas operations, giving some certainty of amounts receivable in Sterling.	Cash generation and profitability Capital structure Shareholder value **DIRECTION** Political instability, interest rate policy and trade tensions (US) and Brexit concerns (UK) may lead to increased volatility in currency markets Increased

Principal Risks & Uncertainties continued

Operational risks

D BUSINESS FACILITY DISRUPTION

DESCRIPTION OF RISK

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

POTENTIAL IMPACT

- The inability to service customer orders over any extended period would result in significant revenue loss, deterioration of customer acquisition and retention metrics and diminished return on marketing investment.
- The Group's reputation for excellent service and reliability may be damaged.

MITIGATING ACTIVITIES

- Back-up and business continuity procedures are in place to ensure that customer service disruption is minimised. This includes customer service resource based at a separate location and team members working from home.
- Websites are cloud-based, and data is backed up immediately to off-site servers.
- Relationships are maintained with third party embroidery contractors to provide back-up in the event of facility unavailability.

LINK TO STRATEGY

Market leadership

Organic revenue growth

Cash generation and profitability

DIRECTION

No significant change in the nature or likelihood of these risks

Unchanged

E DISRUPTION TO THE PRODUCT SUPPLY CHAIN OR DELIVERY SERVICE

DESCRIPTION OF RISK

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

POTENTIAL IMPACT

- Inability to fulfil customer orders would lead to lost revenue and a negative impact on customer acquisition and retention statistics.
- The Group's reputation for excellent service and reliability may be damaged.

MITIGATING ACTIVITIES

- A rigorous selection process is in place for key suppliers, with evaluation and monitoring of quality, production capability and capacity, ethical standards, financial stability and business continuity planning.
- Very close relationships are maintained with key suppliers, including a detailed shared knowledge of factory locations, operations and capabilities in the country of original product manufacture, allowing swift understanding of and appropriate reaction to events.
- Wherever possible, relationships are maintained with suitable alternative suppliers for each product category.
- Secondary relationships are in place with alternative parcel carriers.

LINK TO STRATEGY

Market leadership

Organic revenue growth

Cash generation and profitability

DIRECTION

Risk inherent in increasing supplier concentration

Spread of Coronavirus has increased risk

Increased

F DISTURBANCE IN ESTABLISHED MARKETING TECHNIQUES

DESCRIPTION OF RISK

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

Offline: The flow of print catalogues and sample packages would be disrupted by the incapacity of the US Postal Service to make deliveries, for example due to natural disasters or labour activism.

Online: Search engines are an important source for channelling customer activity to 4imprint's websites. The efficiency of search engine marketing could be adversely affected if the search engines were to modify their algorithms or otherwise make substantial changes to their practices.

In addition, the evolving landscape around data privacy legislation potentially affects our ability, both online and offline, to access and analyse customer data information.

POTENTIAL IMPACT

- If sustained over anything more than a short time period, an externally driven decrease in the effectiveness of key marketing techniques would cause damage to the customer file as customer acquisition and retention fall. This would affect order flow and revenue in the short term and the productivity of the customer file over a longer period, impacting growth prospects.
- Restrictive data privacy legislation could significantly decrease the yield on our marketing activities.

MITIGATING ACTIVITIES

- *Offline:* Developments in the US Postal Service are closely monitored through industry associations and lobbying groups. Alternative parcel carriers are continuously evaluated.
- *Online:* Management stays very close to new developments and emerging platforms in the online space. Efforts are focused on anticipating changes and ensuring compliance with both the requirements of providers and applicable laws.
- The Marketing team constantly tests and evaluates new marketing techniques and opportunities in order to broaden the overall marketing portfolio and to reduce the dominance of any one constituent element. An example is the brand marketing campaign launched during 2018.
- Data privacy requirements are monitored closely and assessed.

LINK TO STRATEGY

Market leadership

Organic revenue growth

Cash generation and profitability

DIRECTION

Successful marketing diversification continues via the successful integration of a brand component to the marketing portfolio

Decreased

G RELIANCE ON KEY PERSONNEL

DESCRIPTION OF RISK

Performance depends on the ability of the business to continue to attract, motivate and retain key staff. These individuals possess sales and marketing, merchandising, supply chain, IT, financial and general management skills that are key to the continued successful operation of the business.

POTENTIAL IMPACT

- The loss of key employees or inability to attract appropriate talent could adversely affect the Group's ability to meet its strategic objectives, with a consequent negative impact on future results.

MITIGATING ACTIVITIES

- The business is proactive in aiming to deliver a first class working environment. In addition, competitive employment terms and incentive plans are designed with a view to attracting and retaining key personnel.
- Succession planning.

LINK TO STRATEGY

Market leadership/revenue growth

Cash generation and profitability

Shareholder value

DIRECTION

The business has been able to attract and retain appropriate talent

Unchanged

Principal Risks & Uncertainties continued

Technological risks

H FAILURE OR INTERRUPTION OF INFORMATION TECHNOLOGY SYSTEMS AND INFRASTRUCTURE

DESCRIPTION OF RISK	POTENTIAL IMPACT	MITIGATING ACTIVITIES	LINK TO STRATEGY
The business is highly dependent on the efficient functioning of its IT infrastructure. An interruption or degradation of services at any 4imprint operational facility would affect critical order processing systems and thereby compromise the ability of the business to deliver on its customer service proposition.	• In the short-term, orders would be lost and delivery deadlines missed, decreasing the efficiency of marketing investment and impacting customer acquisition and retention. • Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of a major IT failure. • Depending on the severity of the incident, longer term reputational damage could result.	• There is significant ongoing investment in both the IT team supporting the business and the hardware and software system requirements for a stable and secure operating platform. • Back-up and recovery processes are in place, including immediate replication of data to an alternative site, to minimise the impact of information technology interruption. • Cloud-based hosting for eCommerce and other back end functionality.	Market leadership Organic revenue growth Cash generation and profitability **DIRECTION** The IT platform is mature, and performance has been efficient and resilient Unchanged

I FAILURE TO ADAPT TO NEW TECHNOLOGICAL INNOVATIONS

DESCRIPTION OF RISK	POTENTIAL IMPACT	MITIGATING ACTIVITIES	LINK TO STRATEGY
The operating platforms of the business may not be able to respond and adapt to rapid changes in technology. If the development of websites and customer-facing applications for alternative devices and platforms are slow or ineffective the business could lose competitive edge. In addition, the development of order processing, supplier-facing and data analytics technologies could fail to deliver the improvements in speed, ease and efficiency necessary to attract and retain a productive customer base.	• If the business fails to adapt to new technologies and therefore falls behind in the marketplace, it may fail to capture the number of new customers and retain existing customers at the rate required to deliver the growth rates called for in the Group's strategic plan.	• Management has a keen awareness of the need to keep pace with the rapidly changing and continuously evolving technological landscape. • An appetite for technological innovation is encouraged in the business. Sustained investment is made in the development of both outward-facing and back office systems.	Market leadership Organic revenue growth **DIRECTION** Innovation remains a priority Unchanged

J CYBER THREATS

DESCRIPTION OF RISK	POTENTIAL IMPACT	MITIGATING ACTIVITIES	LINK TO STRATEGY
Malware, ransomware and other malicious cyber threats can lead to system failure and/or unauthorised access to and misappropriation of customer data, potentially leading to reputational damage and loss of customer confidence. This is a rapidly changing environment, with new threats emerging on an almost daily basis.	• Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of system compromise. • A significant security breach could lead to litigation and losses, with a costly rectification process. In addition, it might be damaging to the Group's reputation and brand. • An event of this nature might result in significant expense, impacting the Group's ability to meet its strategic objectives.	• The business employs experienced IT staff whose focus is to mitigate IT security violations. Investment in software and other resources in this area continues to be a high priority. • Due to the ever-evolving nature of the threat, emerging cyber risks are addressed by the IT security team on a case-by-case basis. • Technical and physical controls are in place to mitigate unauthorised access to customer data and there is an ongoing investment process in place to maintain and enhance the integrity and efficiency of the IT infrastructure and its security.	Cash generation and profitability Shareholder value **DIRECTION** The general incidence and publicity around cyber-crime continue to increase Increased

Stakeholder Engagement

4imprint understands and embraces the responsibility of balancing the interests of a wide stakeholder base.

SECTION 172 STATEMENT

The following disclosure describes how the Directors have had regard to the matters set out in section 172 (1) (a) to (f) and forms the Directors' statement required under 414C2A of the Companies Act 2016.

A strong and distinctive culture encouraging responsible practice has been deeply embedded at all levels of our business for many years. Our team members observe clear guiding principles that drive ethical interactions with, and positive outcomes for, our key stakeholders (see Business Model on page 17 and Responsibility on pages 30 to 36). Our statement of corporate purpose (see page 5) reflects and reinforces these important principles.

The Board of 4imprint sets the tone by nurturing, monitoring and re-affirming these principles, and demonstrating through its discussions and actions that the interests of stakeholders are central to its decision-making. Within this framework, the Directors discharge their duties by monitoring and assessing stakeholder interests in two primary ways:

(i) **Regular information flow from the Executive Directors.** The Executive Directors are directly involved in day-to-day business operations as a result of a flat organisational structure and a business model conducted from centralised facilities. The Non-Executive Board members receive regular written and verbal business updates from the Executive Directors via monthly reports, face-to-face at regular Board meetings or between Board meetings as required.

(ii) **Direct engagement of Board members.** Directors are expected, where appropriate, to engage directly with, or on behalf of, stakeholders. In particular, the Chairman, Senior Independent Director, Board Committee Chairs and 'Employee Voice' Director seek to understand the needs and priorities of each stakeholder group and are encouraged to engage independently with stakeholders depending on the issue in question.

The Directors consider the interests of each of our key stakeholder groups when considering their duties under S172 and take into account the information gathered through engagement with these stakeholders when determining the Group's strategies and key decisions.

A summary of our stakeholder engagement activities, together with the issues and factors the Directors have considered in respect of our stakeholders in complying with section 172 (1) (a) to (f) is set out in the tables below.

SHAREHOLDERS

WHY WE ENGAGE	HOW WE ENGAGE	KEY TOPICS	OUTCOME & ACTIONS
We aim to attract Shareholders whose requirements are aligned with our strategic objectives, and who are interested in a long-term holding in our Company. This involves a good understanding of our strategic objectives, our business model and our culture.	Our key Shareholder engagement activities are: • Annual Report & Accounts • Investor Relations website • Annual General Meeting • Results announcements • Investor roadshows • Meetings and calls throughout the year with existing and potential investors, including Environmental, Social and Governance (ESG)/ Compliance departments • Meetings with Chair, NEDs and Company Secretary as required	• Growth strategy and evolution of marketing portfolio, particularly the integration of the brand marketing initiative • Market dynamics and opportunity for further organic revenue growth • Capital allocation priorities • ESG • Culture, ethics and sustainability in the business • Board composition	• Effective communication of investment case • Shareholder register and investor relations activity regularly reviewed by the Board • Strong organic revenue growth, increase in share price, progressive dividends and increase in TSR • Several investor visits to the Group's primary operating facilities in Oshkosh, USA • Appointment of Tina Southall to the Board in May 2019, improving diversity and ability to address 'Employee Voice' • Involvement of Company Secretary and Chairman in ESG discussions with Shareholders and compliance agencies

Stakeholder Engagement continued

CUSTOMERS

WHY WE ENGAGE	HOW WE ENGAGE	KEY TOPICS	OUTCOME & ACTIONS
Our purpose (see page 5) revolves around providing relevant, quality promotional products to our customers to help them convey their message. Our customers rely on us to make them and their organisations look good.	• Clear focus on new customer acquisition and existing customer retention KPIs and trends in management and Board information packs • Emphasis on providing remarkable customer service within a culture of continuous improvement • Regular customer surveys, including statistics such as net promoter score, and periodic extensive customer research projects • Team members empowered to make decisions in the customer's interest, and managers (up to and including CEO) available to address customer concerns	• Ability to find the 'perfect product' for each customer • Quality and effectiveness of customer service • Product quality, price and range development • Product safety, environmental considerations and sustainability in general • Responsible use of personal data	• Ongoing development of curated, easy to access range of products allowing customers to make informed decisions over what they purchase • Continuous monitoring and measurement of service quality • Monitoring of product trends and developments in the retail sector • Development of 'own brand' product lines (see pages 14 and 15) • Continued focus on ethical sourcing and product safety/ compliance • TV and radio brand campaigns highlighting our 'Certainty' message to our customers

TEAM MEMBERS

WHY WE ENGAGE	HOW WE ENGAGE	KEY TOPICS	OUTCOME & ACTIONS
Investment in our people is a key driver of our competitive advantage. We can only deliver an exceptional customer experience if we have exceptional team members who subscribe to our principles and values. We engage with our team members to ensure that we are fostering an environment that they are happy to work in and a culture that they identify with. See pages 31 and 32 for further discussion on people and culture.	• The Executive Directors are based at the Oshkosh site, and have day-to-day interaction with team members • Team members attend quarterly 'all-company' briefings, with the CEO in the US and the General Manager in the UK, that provide updates on business performance and other relevant topics • Site visits by Chairman and NEDs, including an annual two day visit and Board meeting in Oshkosh • Competitive base compensation, excellent benefits package and opportunity for results-based bonus • Wide range of training and development opportunities available for team members (see Responsibility on pages 31 and 32)	• Continuous development and cultivation of 4imprint culture and working environment • Personal development and career progression • Fair, merit-based pay structures complemented by attractive and innovative benefits package • Ability to participate in the Group's success through bonus plans and share ownership • Health and safety at work	• Single digit staff turnover rates • More than half of new positions filled resulted from referral from current team members • In 2019 4imprint was included, for the twelfth consecutive year, on the Great Place to Work list of the Best Medium Sized Workplaces in the USA. In the UK our business is Investors in People accredited • High participation rates in employee share ownership plans – SAYE in UK and ESPP in US • In October 2019 the Board appointed Tina Southall as the NED with responsibility for championing the interests of team members ('Employee Voice')

SUPPLIERS

WHY WE ENGAGE

Our suppliers are integral to the 'drop-ship' pillar of our business model. Effective supplier partnerships are fundamental to providing the remarkable customer service and efficient, on-time delivery of great products that meet functional, safety and environmental requirements that are essential to the success of the business. Our supplier relationships are discussed in more detail on page 33.

HOW WE ENGAGE

- Regular meetings, information sharing, and visits
- Supplier agreements and expectation setting
- 4imprint 'Supply Chain Code of Conduct'
- Visits, in conjunction with suppliers, to off-shore factories where the base product is manufactured
- Cooperation with suppliers in marketing campaigns

KEY TOPICS

- Product range development
- Exclusive and 'own-brand' products
- Production efficiency, service levels and capacity planning
- Product safety/compliance
- Payment and rebate arrangements

OUTCOME & ACTIONS

- 4imprint's Social & Ethical Policy was updated and reissued in 2019
- All suppliers sign an annual vendor agreement with 4imprint, including a Supply Chain Code of Conduct
- All suppliers are paid promptly to terms
- Suppliers have been able to benefit from our mutual ability to grow
- Development and broadening of our range of 'own-brand' products, such as Crossland® and reFresh®

COMMUNITY

WHY WE ENGAGE

Most of our team members live locally, so it is clearly in our interests to have a positive influence in our local communities. This begins with stable and competitively remunerated employment, extending to involvement in many community activities. Our community involvement initiatives are described more fully on page 36.

HOW WE ENGAGE

- Paid time off work for our team members to volunteer for a local charity or non-profit organisation
- Support and sponsor many local organisations, events and good causes
- Donations of promotional products for events
- Involvement in environmental initiatives
- 'one by one®' charitable giving programme in the US/'Helping Hand' charitable initiative in the UK

KEY TOPICS

- Charitable donations
- Time available for volunteering
- Environmental impact (see page 34 and 35)
- Use of the power of promotional products to spread the message

OUTCOME & ACTIONS

- 1,011 'one by one®' charitable grants made in 2019
- 4imprint profile and reputation in the local community enhanced
- Ability to attract and retain high-quality team members in tight labour markets

PENSION TRUSTEE

WHY WE ENGAGE

The Group sponsors a legacy defined benefit pension scheme (the "Plan"). We are fully committed to satisfying our pension obligations in full, with the ultimate aim of full funding and complete de-risking of the remaining liability.

HOW WE ENGAGE

- Regular interaction with the Trustee of the Plan
- Regular advice from our own pension consultants
- Periodic evaluation of Plan funding

KEY TOPICS

- Plan funding level
- Developments in the pension industry, including increasing powers of the pension regulator
- Eventual 'endgame' for the Plan

OUTCOME & ACTIONS

- Regular Board updates on pension matters
- Contributions paid in to the Plan at the agreed level in 2019
- Latest triennial Plan revaluation was in 2019; discussions with Trustee resulting in a new funding schedule, including a lump sum payment of £7.5m in May 2020

Responsibility

FOCUSED ON OUR PEOPLE AND CULTURE

Principles and values

The 4imprint Board believes that a strong and principled approach to corporate responsibility is fundamentally important to our present and future success.

HONESTY • CURIOSITY • COLLABORATION • FLEXIBILITY • ACCOUNTABILITY • EMPATHY • POSITIVE ATTITUDE • HUMILITY

TEAM 4 TEAM

INVESTORS IN PEOPLE

Best Small & Medium Workplaces™ Great Place To Work® USA 2019

Our values are firmly grounded in the broad principles set out in our statement of corporate purpose (see page 5).

Our culture encourages responsible practice at all levels of the organisation and presents clear guiding principles that drive ethical interactions with, and outcomes for, our key stakeholders.

Our guiding principles are further expressed via **"The Golden Rule" – treat others as you would wish to be treated yourself.** This mindset is evident across the business: in our customer service proposition and guarantees; in our product sourcing initiatives; in the way that our team members interact with our customers, our supplier partners and with each other; in the way that we engage in our communities and in our respect for the environment.

We are pleased to remain a constituent company in the FTSE4Good Index Series, the global responsible investment index designed to identify companies that demonstrate strong environmental, social and governance ("ESG") practices, measured against globally recognised standards.

OUR PEOPLE AND CULTURE

Our primary strategic objective (see page 8) specifically identifies investment in our people as a key driver of competitive advantage. We are committed to a culture that encourages the training, development, wellbeing and participation of every team member.

Business objectives and performance updates are shared with team members via quarterly 'all-company' briefings with the CEO, and everyone participates in a quarterly 'gain share' bonus plan that is based on the achievement of tangible, clearly communicated performance targets.

2019 was the twelfth consecutive year that the North American operation has been included on the prestigious Great Place To Work list of the Best Medium Sized Workplaces in the USA. Our UK-based business maintains its Investors in People accreditation. We are very proud of these accolades, which are indicative of team members who go above and beyond every day to help each other, to provide our customers with remarkable service and to give back to their communities because they know and believe that it is the right thing to do.

TRAINING

We strongly support a lifetime of learning. Throughout the year we offer a wide variety of training classes, courses and opportunities.

Training of new team members covers essential job-specific skills. For example, newly hired Customer Service Representatives undertake an intensive six-week induction programme. New recruit training also covers other soft skills and a grounding in the 4imprint philosophy.

On an ongoing basis, team members are offered more than 100 in-person training classes across diverse subject matter, including business skills, professional and personal development, world cultures, and financial/legal topics. Many of these classes are taught by faculty members from local universities and technical colleges. In addition, in 2019 we launched an online learning management system that allows team members to take online courses from the convenience of their desks or tablet/smartphone. Around 100 online courses cover a number of professional and personal development topics, for example cyber-security updates.

We encourage our team members to take a holistic approach to their personal development. We offer classes on understanding personality types, stress management and relaxation techniques, cultural diversity, emotional intelligence and other related topics. Furthermore, we address questions of personal financial planning and wellbeing through classes and face-to-face meetings with specialists covering personal budgeting, tax matters, and planning for retirement.

Professional development is a priority. A leadership programme includes roundtables, book discussions and development of management techniques. Also, the pursuit of external educational opportunities and professional qualifications is supported through our popular tuition reimbursement programme.

Responsibility continued

LEAN LEADERSHIP

During 2019 we offered Lean Leadership (process management improvement) classes to team members in conjunction with the local Technical College. Each participant took on a different lean project of their choice as part of the course. A good example was a receiving line automation project that led to a $70k investment in automation delivering productivity gains and a cleaner and simpler receiving process. We plan to hold additional Lean sessions in 2020.

WELFARE

The welfare of our team members is further addressed through a competitive benefits package, including strong medical, dental and retirement offerings. In addition, many workplace perks are available, and our team members organise fun events based around themes such as Customer Service Week, celebration of our position on the Great Place To Work list, and an extensive range of organised events for team members both inside the office and at external events such as concerts, minor league basketball and baseball games, and family day at a local farm.

DIVERSITY

We understand the importance and beneficial effect of diversity within our Company, and we aim to foster a culture that recruits, develops and promotes team members regardless of background. We are committed to the principle of equal opportunity in employment, and no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, sexual orientation, religion, race, ethnicity or disability. We recognise our responsibility to disabled persons and endeavour to assist them to make their full contribution at work. Where team members become disabled, every practical effort is made to allow them to retrain for suitable alternative work.

The Group employs around 1,200 people, 70% of whom are female. One third of the North American executive team and two thirds of the UK senior team are female. As at 28 December 2019 the Board had one female member.

HEALTH AND SAFETY

A proactive approach to health and safety is an important aspect of the 4imprint workplace. Desk-based ergonomics and best practice protocols in the office environment along with the operation of machinery and material handling at our distribution centre are key areas of emphasis in promoting a safety culture. Incidents or near misses are closely tracked, and a Safety Committee meets on a regular basis to consider future improvements based on experience and analysis of the data, or to ensure that we are fully compliant with changing regulatory requirements. In addition, we benefit from a fresh, external perspective through working closely with risk managers and loss control specialists from our property and casualty insurance carriers.

Workplace safety remains a high priority. It is an important topic at daily morning management meetings at the Oshkosh Distribution Centre, ensuring that issues or incidents are addressed immediately. Periodic business update meetings for all team members also place safety front of mind by beginning with updates, injury and near miss statistics and related discussion. All employees attend training at least annually covering plant evacuation procedures, severe weather shelter, blood-borne pathogens, fire extinguisher use and Material Safety Data Sheets. 2019 saw an emphasis on specific safety training for team members involved in operating lift equipment at the Oshkosh distribution centre.

On-site medical clinic in Oshkosh.

In 2019 we made significant upgrades to the security systems at our two Oshkosh sites, as well as launching an emergency alert system enabling team members to receive updates remotely in respect of severe weather, security breaches and other threatening events. In addition, a targeted awareness campaign was run to educate and inform team members on prevention techniques to avoid slips and falls in inclement weather.

We have an extensive employee wellness programme, including an on-site medical clinic at both sites in the US operation. As well as increasing productivity and being cost-effective for the Company, the clinic offers great convenience and has proved very popular with employees: basic medical services such as flu shots, blood draws or consultation with a nurse or nurse practitioner on minor conditions can take 15 minutes compared to hours spent travelling to and from attending an external medical facility. Other extensively used on-site offerings include physical therapy, nutritional/dietary advice and smoking cessation support.

PRODUCT AND SUPPLY

Our direct tier 1 suppliers are based in the USA and Canada for the North American business, and in the UK and EU for the UK/Ireland business. Therefore, our supply base is essentially domestic, with our suppliers taking care of the importing/manufacture, inventory management and printing capabilities required to ship thousands of orders on a daily basis.

We are acutely aware, however, that our end-to-end supply chain is a long and complex one that extends far beyond our domestic supply partners across the globe to the tier 2 manufacturers of the base product and ultimately to tier 3 suppliers of raw materials or components. As such, our business activities can have a significant impact at many levels. Our intention is to make that impact positive from a social, economic and environmental perspective.

To set the tone, the Board has developed, approved and issued a Social & Ethical Policy Statement. This policy statement was updated and reissued in 2019, reinforcing its purpose to set broad guidelines within which the Group should conduct its business operations in accordance with best practice and in compliance with relevant legislation and to embed human rights and ethical practices throughout our value chain.

These broad principles are reinforced in our '4imprint Supply Chain Code of Conduct'. This is based on the International Labour Organisation's 'Declaration on Fundamental Principles and Rights at Work' and the Fair Labor Association's ("FLA") 'Principles of Fair Labor and Responsible Sourcing'. The 4imprint Supply Chain Code of Conduct is fully aligned with the FLA's Workplace Code of Conduct. 4imprint team members are actively involved in the FLA's activities.

At the operational level, this means that 4imprint's goal is to work with tier 1 suppliers who are diligent in managing their sourcing practices and selecting tier 2 manufacturing facilities, who commit to ensuring safe working environments where employees are adequately compensated and who are able to develop the necessary manufacturing, design and quality capabilities. These ethical sourcing expectations are communicated and reviewed through our document "4imprint's Expectations of Supplier Factory & Product Compliance", signature of which reaffirms the supplier's commitment to these principles within their own organisation and supply base. In addition, 4imprint representatives are actively involved in our US trade association, Promotional Products Association International, in particular with its leadership and training programme in supply chain management.

In support of our supply chain expectations, our product sourcing professionals schedule regular visits to both domestic tier 1 supplier facilities and to offshore tier 2 factories, where the base product is manufactured. In addition, we conduct a programme of independent audits of offshore manufacturing facilities in conjunction with our key suppliers. Our preference is to work with suppliers and manufacturers on areas of concern and to develop a corrective action plan, although ultimately business would be re-sourced if compliance is not achieved.

Underpinning all of our product supply efforts is our aim to match remarkable customer service with great products that meet functional, environmental and safety standards in each market of distribution. Our internal supply chain compliance team works to stay abreast of current and developing standards as set by the regulatory bodies and liaises with our supplier partners to manage and validate product testing and other quality assurance procedures.

Responsibility continued

ETHICAL PRACTICES

We do not tolerate discrimination, harassment, bullying or abuse; we comply with wage and working condition and time laws; we do not tolerate forced labour or child labour; and (subject to the legislation applicable in the country of operation) it is our policy that all workers shall have the right to form or join a trade union and bargain collectively.

Our Modern Slavery Statement describes the activities we are undertaking to prevent slavery and human trafficking in our business operations and supply chain, in line with section 54 of the UK Modern Slavery Act 2015. Our Modern Slavery Statement and further details of our social and ethical and corporate responsibility policies are available on https://investors.4imprint.com/.

Bribery and corruption are not tolerated in our business operations or in our supply chain. Our "Anti-bribery, financial crime and sanctions policy" sets out our high standards of ethics and compliance across all aspects of our business and provides detailed guidance on facilitation payments, gifts and hospitality and relationships with third parties, as well as on money-laundering, tax evasion, fraud and sanctions regimes. The policy applies to all relevant employees and workers of 4imprint regardless of the jurisdiction in which they operate. That policy, together with our employee handbooks, establish clear systems and controls to ensure effective implementation. We encourage an open and transparent culture and have a whistleblowing policy that is communicated to all employees.

During 2019 we undertook a detailed review of all of our ethical policies and guidelines at the Group level. In the first half of 2020 we intend to ensure that these policies are cascaded and embedded appropriately in our operational businesses.

ENVIRONMENTAL MATTERS

The Board recognises its obligations to protect the environment and is committed both to achieving required environmental standards across all the activities of the Group and to minimising its environmental impact. In 2019 a new Environmental Policy Statement was issued. The management teams in both the North American and UK businesses assess and monitor the potential impact of operations on the environment. Sustainability, energy consumption and waste management are key areas of focus.

OUR OPERATIONS

Over the last few years environmental and sustainability initiatives have become much more important in our day-to-day business operations. Our physical operations cover office, warehouse and postal activities.

Internally, we have a committee on sustainability in the Oshkosh business under the acronym SMART – (Sustainability. Making A Renewable Tomorrow). This initiative has been supported enthusiastically throughout the business. Many projects and ideas have come to fruition, varying in scope and nature, but all with an emphasis on sustainability. Some examples are:

- Use of our in-house social media platform to engage our team members in SMART initiatives and discussions. This has proved to be the ideal forum for our SMART team to initiate engagement on what 4imprint has done and can do in the future to improve sustainability.
- Full roll-out of a major upgrade in the recycling of waste materials across the business, taking advantage of advanced single stream recycling capability. This has had a beneficial effect in terms of diversion of waste from landfill: trash pickups from the distribution centre have been halved and landfill waste per employee at the main office significantly reduced. We estimate that in less than a year our initiatives have kept 768 cubic yards of waste from going to landfill.
- Attention to the small details. Small changes implemented across our facilities can together produce a positive environmental impact. For example, condiment packets, such as ketchup, have been replaced with larger bottles; plastic drinking straws and stirrers have been replaced with reusable or recyclable versions, and lights and water faucets have been attached to motion sensors.

- Installation of LED lighting at the distribution centre, with the LED fixtures using around 50% less energy than the fluorescent bulbs that they replaced. We estimate that our energy usage has reduced by 480,000 kWh, even with more equipment and more burn time. LED fixtures are essentially maintenance-free, last around five times longer and have a much smaller environmental impact than fluorescent bulbs.
- In 2018 we launched a recycling project to turn embroidery backing waste product into fuel pellets. This initiative gains momentum as the scale of our embroidery operation grows. We currently estimate that this initiative diverts around 30 metric tons of waste from landfill on an annualised basis.
- We remain involved in several other initiatives, including the 'Adopt a Highway' programme, (clean-up of waste along an 'adopted' stretch of highway), and celebration of Earth Day/Arbor Day by giving our team members a choice of a seed packet or a tree seedling.

Some of our Oshkosh-based team members are engaged with the Green Masters Program promoted by the Wisconsin Sustainable Business Council ("WSBC"), and in 2019 our SMART leaders presented details of 4imprint's sustainability journey at a WSBC event. We are pleased to have achieved the 'Green Professional' designation under the WSBC's Green Masters Program Certification.

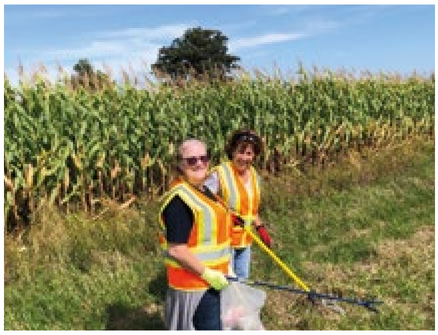
In North America, printed marketing materials such as catalogues use paper sourced from sustainable forests, conforming to Forestry Stewardship Council requirements. In the UK, our catalogue mailings meet the Royal Mail's Responsible Mail criteria, based on sourcing paper from recycled/sustainable sources, elimination of poly wrap and robust suppression procedures.

OUR PRODUCTS

Our product range is very diverse, covering many different materials, substrates, manufacturing processes and imprinting techniques. We are aware that some of the products that we sell are produced using plastics and other potentially non-recyclable materials. However, sustainability considerations feature at several levels in the product decisions of our supply chain and merchandising teams.

Consistent with our corporate purpose, our products are designed to promote our customers' messages time after time through repeated usage and impressions. In other words, products should be lasting rather than throwaway. Multi-use products such as reusable shopping tote bags are a good example. Only 1.5% of our revenue is from products such as sweets, chocolate and catering supplies that would be considered disposable. We are, however, aware that there are many opportunities to make sustainability improvements across all product categories. From 'scrap' management in apparel through to elimination of poly-bag usage across many categories and replacement with more sustainable packaging options, our priority is to identify and deliver a number of projects each year that are realistic, measurable and will make a difference. These initiatives are driven with reference to one or both of the following themes:

- Curate and educate: We aim to provide our customers with a curated, easy to access range of products with sustainable characteristics, allowing them to make informed decisions over the items they purchase. This will include:
  — Partnering with our suppliers on 'Green' initiatives in the supply chain
  — Publicising products or brands with strong sustainability credentials
  — Working with our suppliers to increase the availability of 'Eco-friendly' options and highlighting those products to our customers
  — Being vigilant and disciplined in rejecting products with false 'Eco' claims
  — Educating our customers through placing emphasis on items that will be used many times over during a long product lifetime



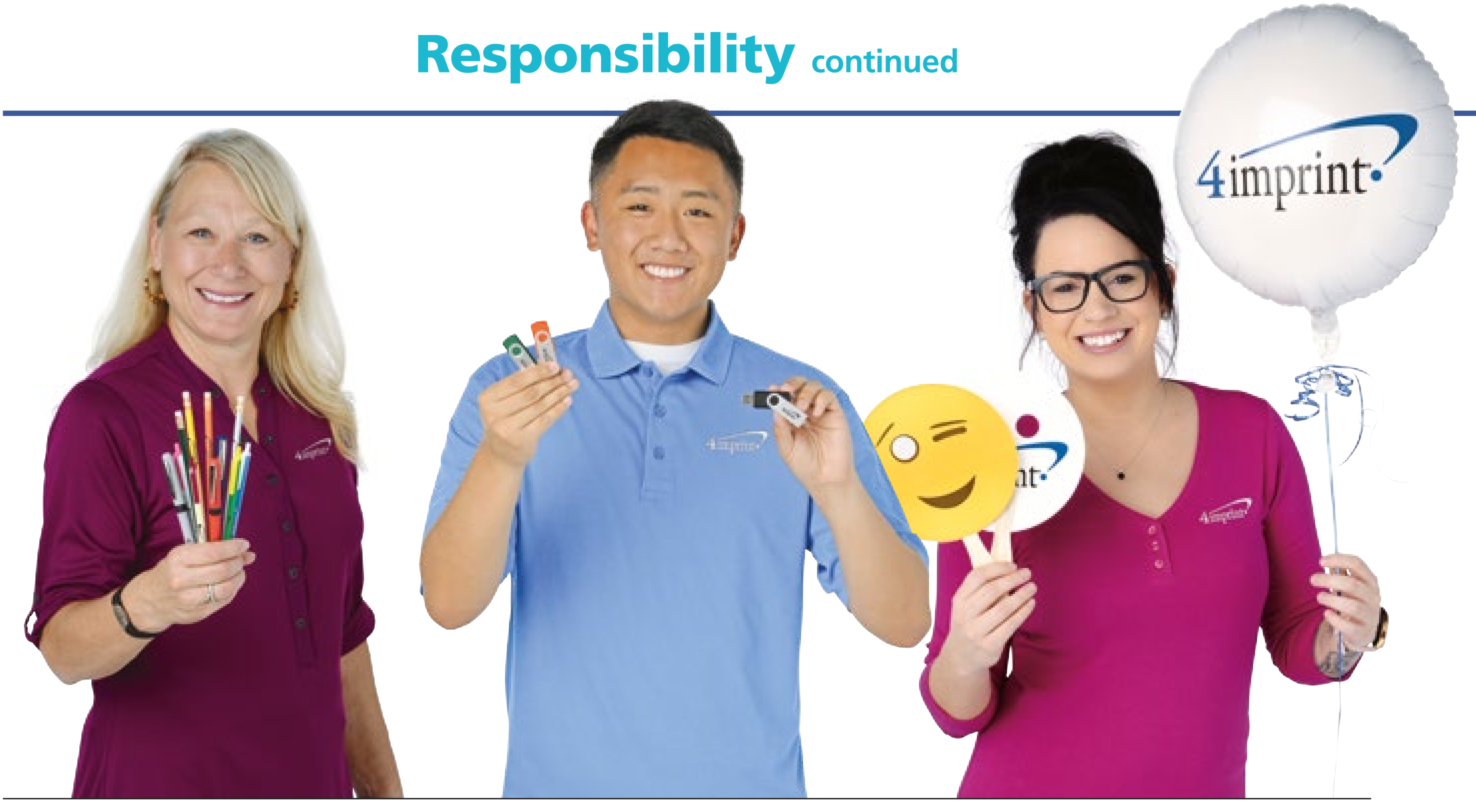
'Adopt a Highway' programme volunteers.

- The 3 R's: We will be guided by these environmentally friendly principles as we assess and evolve our product range:
  — Reduce: Less raw material, packaging, waste, scrap and pollution
  — Reuse: Find ways for products not utilised or at the end of their useful life to be repurposed or returned into the product stream to avoid landfill
  — Recycle: Inclusion, where possible, of recyclable products and products manufactured from recycled content, along with information on what and how to recycle

The importance of sustainability factors varies from customer to customer, depending on their product or marketing requirements but also on local recycling facilities and regulations. We aspire to make it easy for customers to segment products from a sustainability or 'eco' perspective – for example, website search functionality by recycling code, ability to be recycled, produced from organic materials, biodegradability, or manufactured using recycled materials. By way of example:

- Our largest product category, apparel, is potentially the most harmful to the environment from a downstream manufacturing perspective due to water consumption and the possibility of poor effluent management. More than 60% of 4imprint's apparel revenue is sourced from suppliers and brands who are actively involved in the Sustainable Apparel Coalition and committed to products with a high sustainability rating.
- The plastic water bottle category is a large and important category. Around 60% of revenue for these products is in the most widely accepted #1 or #2 recycling categories. This includes our own-label reFresh® brand.

Responsibility continued



SOCIAL MATTERS
COMMUNITY INVOLVEMENT AND VOLUNTEERING

Team members are given paid time off to be used specifically for volunteering for a local charity or non-profit organisation of their choice. In 2019 our team members gave nearly 1,500 hours of their paid time and countless hours of their own time to more than 150 charities, schools and religious organisations. Some volunteering examples are:

- Our team provided help to the Oshkosh Celebration of Lights. This event, one of the largest of its kind in the Midwest, spreads the joy of the festive season through more than a million twinkling lights over a 1.2 mile exhibit, with proceeds benefiting area food pantries.
- A popular volunteering opportunity is the 'Give Back Bus'. Team members travel on a bus to a destination that is only revealed on arrival – such as an area non-profit, Rebuilding Together Fox Valley, an organisation that provides home repairs to low-income homeowners, mostly elderly, veterans or people with disabilities. Our team helped prepare supplies for National Rebuilding Day, an annual event where volunteers repair and remodel local homes.

4imprint is actively involved in its local communities in many other ways, for example in team sponsorships, student scholarships at local colleges, product donations for events such as fun runs, 5Ks and marathons, and encouragement of team members to participate on volunteer boards and committees.

CHARITABLE GIVING

Our North American business operates its "one by one®" charitable giving programme which reflects our culture and principles. Each business day we donate at least three $500 grants to non-profit organisations. These grants are to be used on promotional products to help spread the word, recruit volunteers or thank donors. In 2019, there were 4,838 applicants, with 1,011 grants awarded. Since we began the programme in 2006 we have awarded more than 7,400 grants to deserving non-profits in the US and Canada – $3.7m of promotional products being used to help organisations make a difference.

Our UK business has its own charitable giving initiative, 'Helping Hand', which also aims to use the power of promotional products in the support of good causes.

one by one®: Wheelchairs 4 Kids.

The Strategic Report was approved by the Board on 3 March 2020.

KEVIN LYONS-TARR
CHIEF EXECUTIVE OFFICER

DAVID SEEKINGS
CHIEF FINANCIAL OFFICER

Introduction to Governance

FOCUSED ON OUR IDENTITY AND VALUES

PAUL MOODY

On behalf of the Board of 4imprint Group plc, I am pleased to introduce the 2019 Corporate Governance Report.

CHAIRMAN'S INTRODUCTION

The Board continues to be committed to high standards of corporate governance. I am pleased to confirm that in the 2019 financial year from 30 December 2018 to 28 December 2019 4imprint has operated in compliance with the provisions of the 2016 Corporate Governance Code. In addition, 4imprint has implemented changes aimed towards complying with the 2018 Corporate Governance Code in the 2020 financial year.

In this Governance Report are set out:

- Details of the Board of Directors
- The Statement on Corporate Governance, which sets out the role of the Board, its operation and an assessment of the Board's effectiveness
- The Report of the Audit Committee
- The Report of the Nomination Committee
- The Report of the Remuneration Committee
- The Directors' Report

During 2019, alongside routine operating matters and performance management, significant areas of focus have been Board composition and Board effectiveness:

- In May 2019 Tina Southall was appointed as an Independent Non-Executive Director and in December 2019 Emma Taylor was appointed as Company Secretary, to replace Andrew Scull who has stepped down from the Board and as Company Secretary. These appointments have improved the gender diversity of the Directors and Officers of the Company and have strengthened the input to the Board from Independent Non-Executive Directors.
- In October 2019, the Board appointed external consultants to conduct a review of Board effectiveness. More detailed information about this review can be found in the Corporate Governance Statement on pages 42 and 43.

I would like to thank my fellow Directors for their continued support and commitment to 4imprint. I am confident that 4imprint can maintain and further develop a strong and effective governance system to enable the business to deliver its strategy, generate Shareholders value and safeguard the interests of all stakeholders.

PAUL MOODY
CHAIRMAN

3 March 2020

Board of Directors

Paul Moody

NON-EXECUTIVE CHAIRMAN

Appointed as Non-Executive Director in February 2016 and became Non-Executive Chairman in December 2016.

Paul is currently Non-Executive Chairman of Card Factory plc and is also a Non-Executive Director of Pets at Home Group plc. He was previously Non-Executive Chairman of Johnson Service Group plc and has extensive public company experience, spending 17 years at Britvic plc, including the last eight of these years as Chief Executive. Prior to that, he held a number of senior appointments in sales and HR, with companies including Grand Metropolitan plc and Mars.

Kevin Lyons-Tarr

CHIEF EXECUTIVE OFFICER

Appointed as Executive Director in June 2012 and became Chief Executive Officer in March 2015.

Based in Oshkosh, Wisconsin, Kevin has been with the business since 1991, serving in several capacities, including Chief Information Officer and Chief Operating Officer. He was appointed President of the Direct Marketing business in 2004 and has led its substantial growth since then.

David Seekings

CHIEF FINANCIAL OFFICER

Appointed as Chief Financial Officer in March 2015.

David is a chartered accountant, having trained and qualified with KPMG. David has been with the 4imprint Group since 1996, initially as Group Financial Controller, moving to the USA in 2000 to become Chief Financial Officer of 4imprint Direct Marketing, based in Oshkosh, Wisconsin.

John Warren

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Non-Executive Director in June 2012.

A chartered accountant, John was Group Finance Director of United Biscuits (Holdings) Plc and WH Smith PLC before embarking on a career as a Non-Executive Director. He is currently a Non-Executive Director and Chairman of the Audit Committee at Welsh Water, Greencore Group plc and Bloomsbury Publishing Plc. He has previously served on the Boards of Bovis Homes Group PLC, Spectris plc, Rank Group Plc, Rexam Plc, RAC Plc and BPP Holdings Plc, and chaired the Board at Uniq Plc through the resolution of its major pension issues.

COMMITTEES
Audit Committee (Chairman)
Nomination Committee
Remuneration Committee

Charles Brady

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Non-Executive Director in June 2015.

Charles is a solicitor and was the founder and Managing Director of Central Law Training Limited which, during his leadership between 1987 and 2002, became the largest provider of post-qualification legal training in the UK. Wilmington plc, a company listed on the London Stock Exchange, acquired Central Law Training in 1999. Charles remained with the business becoming Chief Executive of Wilmington plc in 2002, a post which he held until his retirement in 2014. Charles has also served as a Non-Executive Director of both Hatton Blue Limited, a start-up IT company, and the PPA (Professional Publishers Association).

COMMITTEES
Audit Committee
Nomination Committee (Chairman)
Remuneration Committee (Chairman)

Christina (Tina) Southall

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Non-Executive Director in May 2019.

Tina is Director of People at gaming operator and developer Gamesys, which she joined in 2014 and which operates some of the world's biggest gaming and sports media sites. It has more than 35 million customers and 1,300 employees. Prior to joining Gamesys, Tina held significant sales and marketing roles at Vodafone Group Plc, culminating in her appointment as Regional Director, Northern Europe for Vodafone Global Enterprise, as well as being a Trustee of The Vodafone Foundation. Prior to joining Vodafone, Tina held senior positions as Director of Customer Experience at Avis Europe and also at RAC Plc.

COMMITTEES
Audit Committee*
Nomination Committee*
Remuneration Committee*

Andrew Scull was also a Director during the period and stepped down from the Board on 27 December 2019.

* Tina Southall was appointed to the Audit Committee, Remuneration Committee and Nomination Committee on 30 July 2019.

Statement on Corporate Governance

Statement of compliance with the UK Corporate Governance Code

For the year ended 28 December 2019, the Board considers that the Company has complied with the provisions of the UK Corporate Governance Code 2016 (the "2016 Code"), being the UK Corporate Governance Code which applied to the Company during that financial year. The 2016 Code sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice. Companies listed in the UK are required to disclose how they have applied the main principles and whether they have complied with its provisions throughout the financial year. Where the provisions have not been complied with, companies must provide an explanation. As the Board considers that the Company has complied with the 2016 Code, we have no exceptions to report in that respect.

As mentioned in our 2018 Annual Report and Accounts, the Board noted the publication by the Financial Reporting Council ("FRC") of a new corporate governance code on 16 July 2018 (the "2018 Code") and supports the focus that the 2018 Code places on relationships with employees, Shareholders and other stakeholders. Although the 2018 Code applies to accounting periods beginning on or after 1 January 2019 (and so will only begin to apply to the Company for the 2020 financial year), the Board has given significant attention to the changes which are introduced by the 2018 Code, and has (across the 2019 financial year) monitored the implementation by the Company of the changes required to support its compliance with the principles and the spirit of the 2018 Code.

Therefore (and in addition to complying with the 2016 Code), the Board has already implemented important changes to enable compliance with the 2018 Code in its 2020 financial year. For example:

- An improved balance of Independent Non-Executive Directors (excluding the Non-Executive Chairman) ("NEDs") to Executive Directors ("EDs") of 3:2 has been achieved following the appointment of Tina Southall as a NED in May 2019 and the resignation of Andrew Scull as Corporate Services Director and Company Secretary in December 2019.
- The appointment in October 2019 of Tina Southall as designated NED for engagement with our team members provides an additional route for employees' comments and concerns to be heard by the Board. This role will be developed in 2020.
- Emma Taylor was appointed as Company Secretary in December 2019, which together with the appointment of Tina Southall in May 2019, improves the gender diversity of the Directors and Officers of the Company. Further information about the Company's Diversity Policy is set out in the Nomination Committee Report, found on page 44.
- The Board has continued its engagement with key stakeholders throughout 2019 and this is reported on in more detail in the s172 statement on pages 27 to 29.
- The Board has also sought to take a more active role in assessing and monitoring culture to ensure that the Company's behaviour and practices are aligned with its purpose, values and strategy, and has put in place plans for increased reporting to the Board during 2020 on matters relating to workplace culture. The Board is supported in this goal by the Nomination Committee, which encourages the meritocratic recruitment and promotion of a diverse workforce at all levels.
- The Board has continued to engage with and invest in its workforce, and its practices in this respect are reported on in more detail in the Responsibility section of the Strategic Report, found at pages 30 to 32.

The 2016 Code and 2018 Code are both publicly available on the FRC website.

ROLE OF THE BOARD

The primary responsibility of the Board is to promote the long-term success of the Company and to sustainably grow Shareholders value. The Board has responsibility for the management, direction and performance of the Group and is committed to delivering the Group's strategy through meaningful engagement with all stakeholder groups.

The Board is also responsible for ensuring that management maintains a system of control that provides assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. To that end, the Board has created an ongoing system of internal control, the effectiveness of which it reviews on a regular basis. The Group's business operations complete an annual internal control questionnaire, the results of which are reported back to the Board, highlighting any major changes or weaknesses identified. The aim of this system is to manage and mitigate the risk of any failures to meet business targets and can only provide reasonable and not complete assurance against such failures.

The Board is the decision-making body for all matters material to the Group's finances, strategy and reputation. The powers of the Company's Directors, as well as the rules relating to the appointment and removal of Directors, are set out in the Company's Articles of Association.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness. The Chairman promotes a culture of openness and debate and ensures that each Board member is given opportunity to contribute their views to each topic under discussion.

BOARD COMPOSITION AND STRUCTURE

As at the date of this report, the Board comprises six members, namely the Independent Non-Executive Chairman, three Independent Non-Executive Directors and two Executive Directors, being the Group Chief Executive Officer and the Group Chief Financial Officer. The biographies of the Directors can be found on pages 38 and 39.

Board composition has been a focus during the year. On 8 May 2019 the Board appointed Tina Southall as a Non-Executive Director. On 27 December 2019 Andrew Scull stepped down as Corporate Services Director and Company Secretary. Emma Taylor was appointed Company Secretary with effect from 27 December 2019. These changes have improved the gender diversity of the Directors and Officers of the Company.

The Board is satisfied that there is a sufficient balance between Executive and Non-Executive Directors on the Board to ensure that no one individual has unfettered decision-making powers and that the Board has the appropriate balance of skills, experience, independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. Having undertaken a review of the Non-Executive Directors' outside commitments, the Board is satisfied that all Non-Executive Directors have sufficient time available to allocate to the Company in order to discharge their duties effectively.

The role of the Non-Executive Directors includes assisting in the development of strategy; monitoring the integrity of financial information and systems of risk management; reviewing the performance of management including the alignment of performance with Company culture and values; assisting the Company in engaging effectively with all its stakeholders; and determining the appointment, removal and remuneration of Executive Directors.

The current Non-Executive Directors have letters of appointment for three years from 11 June 2018 for John Warren, 11 June 2018 for Charles Brady, 1 February 2019 for Paul Moody and 8 May 2019 for Tina Southall. These letters are available for inspection by any person at the Company's registered office during normal business hours and also at the AGM.

OPERATION OF THE BOARD

The Board has a formal schedule of matters reserved for its decision and the schedule was reconsidered and approved by the Board at its meeting on 17 December 2019. The schedule of matters reserved for the Board includes the consideration and approval of:

- The Group's strategic aims, objectives and commercial strategy
- The annual business plan and the review of performance relative to that plan
- Financial statements and Group dividend policy, including recommendations on the interim and final dividends
- Major capital expenditure
- Financing and treasury policies
- Major changes to the Group's corporate structure including acquisitions and disposals
- Changes to accounting policies or practices
- Appointment and removal of Directors and the Company Secretary

The Board has delegated other specific responsibilities to its principal sub-committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. The details of the Board Committees and their activities are set out on pages 44 to 55. The Board delegates day-to-day management of the Group to the Executive Directors.

The Board has at least six scheduled meetings per year and additional Board meetings are convened as and when required. A table setting out the number of Board and Committee meetings held during the period and attendance by Directors at those meetings is set out below:

	Board meetings	Audit Committee meetings	Remuneration Committee meetings(i)	Nomination Committee meetings
P. Moody	7	2*	2*	1*
K. Lyons-Tarr	7	2*	2*	1*
A. Scull	7	2*	2*	1*
D. Seekings	7	2*	2*	1*
C. Brady	7	2	2	1
C. Southall (ii)	4	1*	1	0
J. Warren	7	2	2	1

* By invitation.
(i) None of the Executive Directors were present at the time at which the Remuneration Committee considered and made decisions regarding the remuneration of the Executive Directors.
(ii) Tina Southall was appointed to the Board on 8 May 2019 and was appointed to the Audit Committee, Remuneration Committee and Nomination Committee on 30 July 2019.

All Board and Committee meetings are minuted by the Company Secretary and these minutes are formally approved at the following Board meeting. Board minutes contain details of the Directors' decision-making processes and any concerns raised by Directors.

BOARD COMMITTEES

The Board has three permanent Committees being the Audit Committee, the Nomination Committee and the Remuneration Committee. Other than the Committee members, further participants may attend by invitation of the Committee. Each Committee's roles and responsibilities are set out in the formal terms of reference which are determined by the Board and which were reviewed and reaffirmed by the Board at its meeting on 17 December 2019. Reports from each of these committees are provided on pages 44 to 55.

BOARD INFORMATION AND SUPPORT

The Chairman, in conjunction with the Company Secretary, ensures that the Board receives accurate, timely and clear information. In advance of each meeting, the Board receives an agenda for the meeting, minutes of the previous meeting, detailed financial information on the performance of the business and items for discussion. This enables the Directors to make informed decisions on the corporate and business issues under consideration. Additionally, all Directors have access to senior management should they require additional information on the items to be discussed.

Once a year the Board visits the 4imprint site in Oshkosh, Wisconsin for the annual strategy review day and a Board meeting. This provides a good opportunity for the Non-Executive Directors to discuss issues with senior management and meet team members working in different parts of the business. The visit also includes a tour of the Distribution Centre and an opportunity to view the investment that has been made and talk to team members working there. In addition, the Chairman and other Non-Executive Directors have made separate visits to the Oshkosh site during the year.

The Company provides resources, as appropriate, to enable Directors to update their skills and knowledge, including an induction programme for new Directors joining the Board. Tina Southall joined the Board in May 2019 and her induction process included meetings and discussions with other Board members and the Company Secretary; a review of Board procedures and documentation; a visit to the Oshkosh site; training from external advisors; and ongoing mentorship from the Chairman. Independent professional advice is available to all Directors as required, at the Company's expense. All Directors have access to the advice and services of the Company Secretary and may address issues to the Senior Independent Non-Executive Director, if required. The Non-Executive Directors meet from time to time without the Executive Directors being present.

DIRECTORS' CONFLICTS OF INTEREST

The Companies Act 2006 codifies the duty of the Directors to avoid a situation in which they have, or could have, an interest that conflicts, or may possibly conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association by the other Directors. Each Director has confirmed that they are aware of the need to notify the Company of any potential conflict of interest. Andrew Scull has notified the Company that until 27 December 2019 he was a Director and Company Secretary of the 4imprint Pension Trustee Company Limited and a Director and Company Secretary of 4imprint 2016 Pension Trustee Company Limited, which administers the legacy defined benefit pension scheme.

Statement on Corporate Governance continued

BOARD ACTIVITIES IN 2019

STRATEGY	GOVERNANCE
• Site visit to Oshkosh in October 2019 including Annual Strategy Review • Review of progress in the further roll-out of the brand component of the marketing mix • Consideration of other potential strategic initiatives and investment plans, both on-site and via updates at regularly scheduled Board meetings	• Review of the Group's key corporate governance policies and procedures • Review of reports on regulatory matters including health and safety and work environment • Appointment of an additional Non-Executive Director • Appointment of a new Company Secretary • External Board Effectiveness Review
FINANCE • Review and approval of full year and half year results • Review and approval of 2020 budget and the three-year plan • Approval of dividends to be paid in 2019	**RISK MANAGEMENT** • Review of principal risks and uncertainties • Review of information security and cyber risk • Updates and discussions on the implications of the US-China trade dispute, Brexit and other evolving risks

Throughout the period ending 28 December 2019 and in accordance with provision C.2.1 of the 2016 Code and provision 28 of the 2018 Code, the Board has carried out a robust assessment of the principal risks and uncertainties and the possible longer-term emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This is described in the Principal Risks & Uncertainties section on pages 22 to 26.

The Board has assessed the future prospects of the Group in accordance with provision C.2.2 of the 2016 Code and provision 31 of the 2018 Code. Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. Details of the assessment performed by the Board, including an assessment of those risks most likely to impact the Group's future prospects and viability, have been set out on page 21.

BOARD EFFECTIVENESS REVIEW

Both the 2016 Code and the 2018 Code require the Board to conduct an external evaluation of the performance and effectiveness of the Board and its Committees every three years. During 2019 a Board Effectiveness Review was undertaken by independent external consultants Odgers Berndtson. Odgers Berndtson has previously assisted in Board-level recruitment, but otherwise has no other connection with the Company.

The review process involved:

- Odgers Berndtson meeting the Executive Directors to understand the strategic landscape, business challenges and operational, cultural, financial and people factors that underpin the Company's successful performance
- Odgers Berndtson meeting the Company Secretary to understand how the Board functions
- All Board members completing a Board Effectiveness Survey followed up by one-to-one interviews with an Odgers Berndtson consultant to discuss their survey responses.

The output of the evaluation was presented in a report to the Board at its December 2019 meeting and the Directors discussed the points raised by the review.

Key points raised in the review are summarised in the table below. During 2020, the Board will look to implement the recommendations and actions arising from the review.

Topic	Feedback
BOARD LEADERSHIP AND COMPANY PURPOSE	• The Company's purpose and strategy are clear and agreed by the Board members • The annual strategy review and Board meeting in Oshkosh is valued by the Board as an opportunity to meet with the Senior Management Team and employees and to visit operational assets • The Board should develop its processes and reporting of the alignment of purpose, values and strategy with Group culture and with the interests of all stakeholders
DIVISION OF RESPONSIBILITIES	• Board attendance by Chair and NEDs is excellent • Chair and NEDs regularly connect with the CEO and CFO outside of Board meetings • An improved balance of NEDs to EDs of 3:2 has been achieved following the appointment of Tina Southall in May 2019 and the resignation of Andrew Scull from the Board in December 2019 • The Board should reassess its processes for engaging with all its stakeholders as required by s172 CA 2006
COMPOSITION, SUCCESSION AND EVALUATION	• The Nomination Committee has influenced the strengthening of the Senior Management Team • The Senior Management Team present to the Board at the annual strategy review, providing the Board with an opportunity to assess the capability supporting the CEO and CFO • The induction process for Tina Southall who joined as a NED in May 2019 was comprehensive • During 2020 the Board should commence planning for a replacement Chair of the Audit Committee who retires in 2021 • The Board should further develop its succession planning
AUDIT, RISK AND INTERNAL CONTROL	• The Chair of the Audit Committee contribution as a sounding board for the CFO is highly valued • The Board annually reviews and challenges the top corporate risks in the context of the strategy • As the Group continues to grow, the Board should continue to review the Group's risk mitigation actions including a broader challenge in respect of disruptive or emerging risks • The Board should review the potential impact of integrated or cumulative risks
REMUNERATION	• The Remuneration Committee meets annually to review and approve general salary increases across the workforce as well as the remuneration of executives and the Senior Management Team • External remuneration consultants have been appointed to ensure the continued alignment of policies to US and UK regulations and assist with market benchmarking • The Board should review gender pay ratios in the UK and US workforce • The Remuneration Committee Chair should engage proactively with Shareholders on key remuneration policies

CORPORATE GOVERNANCE POLICIES

During 2019 the Board has reviewed and updated its Corporate Governance Policies. This included updating its Environmental Policy and Social and Ethical Policy which set out broad guidelines within which the Group should conduct its business operations. More details of these policies are set out on pages 34 and 35.

The Board is committed to guarding against any form of modern slavery or human trafficking taking place in any part of its business operations or in the Group's supply chains. The Board has updated its Modern Slavery Statement which further articulates the Group's stance on supporting and enforcing the provisions of the Modern Slavery Act 2015. In accordance with section 54(1) of the Modern Slavery Act 2015, our slavery and human trafficking statement is published annually on the Company's website and can be found at https://investors.4imprint.com/modern-slavery-statement.

All Corporate Governance Policies were reconsidered and approved by the Board at a meeting on 17 December 2019.

ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to its responsibilities to all its stakeholders, including Shareholders, team members, customers, suppliers, the communities in which it operates and the Pension Trustee, and strives to ensure effective engagement with, and encourage participation from, each of these groups. The Directors are mindful of these responsibilities and consider them as part of their decision-making process. The Companies Act 2016 s172 statement on pages 27 to 29 sets out how the Board has engaged with these different stakeholder groups.

Nomination Committee Report

CHAIRMAN'S OVERVIEW

As Chairman of the Nomination Committee, I am pleased to present my report for 2019 to Shareholders. The focus of the Committee in 2019 has continued to be on ensuring that the size, composition and structure of the Board are appropriate for the delivery of the Group's strategic objectives.

RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The responsibilities of the Nomination Committee include:

- Reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any adjustments that are necessary
- Identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise
- Putting in place plans for succession at Board level

The Nomination Committee ensures that Directors are appointed to the Board on merit, against objective criteria and with due regard to ensuring that the Board shows a balance of skills, knowledge and experience. The Nomination Committee has terms of reference which were reconsidered and approved by the Board of the Company at its Board meeting on 17 December 2019. These terms of reference are available for inspection at the Company's registered office during normal business hours.

COMPOSITION OF THE NOMINATION COMMITTEE

I chair the Nomination Committee and I am an Independent Non-Executive Director. The other members of the Committee during the period were John Warren, the Senior Independent Non-Executive Director, and, from 30 July 2019, Tina Southall, an Independent Non-Executive Director. Paul Moody, the Non-Executive Chairman of the Company, is usually invited to attend formal meetings of the Committee. Executive Directors may also be invited to attend meetings of the Nomination Committee. The Company Secretary also attends the meetings.

MEETINGS OF THE NOMINATION COMMITTEE

The Nomination Committee meets as frequently as is required to fulfil its duties. When there are no specific decisions or recommendations to be made, the Chairman of the Committee consults the other members of the Committee as necessary. During the period ended 28 December 2019 there was one meeting of the Nomination Committee which was attended by myself and John Warren (as members of the Nomination Committee) and certain Executive Directors by invitation. Further details on attendance of meetings of the Nomination Committee is set out in the Statement on Corporate Governance, found at page 41.

MAIN ACTIVITIES OF THE NOMINATION COMMITTEE DURING THE PERIOD ENDED 28 DECEMBER 2019

The Nomination Committee's principal activities during the year included:

- Review of the composition of the Board, including both Executive and Independent Non-Executive Directors. Following a search process using an external recruitment consultant, Tina Southall was appointed as an additional Independent Non-Executive Director in May 2019. Andrew Scull stood down as Corporate Services Director and Company Secretary in December 2019 and consequently, the Board now comprises three Independent Non-Executive Directors (excluding the Non-Executive Chairman) and two Executive Directors.
- The appointment of Emma Taylor as Company Secretary on 27 December 2019 to replace Andrew Scull. This appointment, along with the appointment of Tina Southall, has improved the gender diversity of the Directors and Officers of the Company. Emma has served the Company as Group Tax Manager since 2007, and we are delighted that our succession plans have worked effectively to appoint an internal candidate to the Company Secretary role.
- Review and discussion with the Executive Directors on talent management and succession planning which has remained a key area of focus for the Committee. The Committee is dedicated to ensuring that an effective succession plan is maintained in respect of the Company's Directors and for the Senior Management Team.
- Review of the executive and Senior Management Team based at the Oshkosh site in the USA.
- Participation in the Board Effectiveness Review undertaken in October 2019 (see pages 42 and 43 for details).

EXTERNAL SEARCH CONSULTANCY

A search process using an external recruitment consultant, Odgers Berndtson, was used in the recruitment and appointment of Tina Southall as an additional Independent Non-Executive Director in May 2019. Odgers Berndtson was also engaged to conduct a Board Effectiveness Review in October 2019 but otherwise has no other connection with the Company or any individual Directors.

DIVERSITY POLICY

The Committee supports the Code provision that boards should consider the benefits of diversity, including gender and ethnicity, when making appointments and is committed to ensuring diversity, not just at Board level, but also across the Group's senior management.

The Committee understands the importance and beneficial effect of diversity within the workforce and aims to foster a culture that recruits, develops and promotes team members at all levels regardless of background. The Group is committed to promoting the principle of equal opportunity and to combatting discrimination throughout its workforce as well as in senior management, and no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, sexual orientation, religion, race, ethnicity or disability. The Group recognises its responsibility to disabled persons and endeavours to assist them to make their full contribution at work.

In relation to gender diversity, in July 2019 the Company took part in the Hampton Alexander Review which monitors gender balance in FTSE 100 and FTSE 250 companies. The Company was admitted to the FTSE 250 on 24 June 2019 and, based on data as at 30 June 2019, and shown in the Hampton Alexander Report published in November 2019, the Board was 14.3% female (one female out of seven Board members) and 42.9% of the senior management team including direct reports were female. Andrew Scull stood down as Corporate Services Director in December 2019 and, consequently, the Board is now 16.6% female (one female out of six Board members).

The Committee's aim as regards the composition of the Board is that it should have a balance of experience, skills and knowledge to enable each Director and the Board to discharge their duties effectively. The Committee agrees that it is appropriate that it should seek to have diversity on its Board; however, it does not consider that this can be best achieved by establishing specific quotas and appointments will continue to be made based on merit, with diversity in mind.

More information about the Company's people and culture can be found in the Responsibility section on pages 31 and 32.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next AGM and is then eligible for election by the Shareholders.

At every AGM of the Company, all Directors put themselves forward for re-election. The office of Director shall be vacated if he or she: (a) resigns or offers to resign and the Board resolves to accept such offer; (b) is, or has been, suffering from mental ill-health; (c) becomes bankrupt or compounds with creditors generally; (d) is prohibited by law from being a Director; (e) ceases to be a Director by virtue of the provisions of the Companies Act; or (f) is removed from office pursuant to the Articles of Association.

All Non-Executive Directors have written letters of appointment. The terms and conditions for the appointment of Non-Executive Directors are available for inspection at the Company's registered address (during normal working hours) on request.

Full biographies of each Director can be found on pages 38 and 39. Each Director named therein will be seeking re-election at the 2020 AGM. The Board is satisfied that, having been subject to a recent formal performance evaluation in relation to the fulfilment of their s172 duty, each Director seeking re-election continues to be an effective member of the Board.

INDEPENDENCE OF DIRECTORS

The Code states that at least half the members of the boards of public companies in the FTSE 350, excluding the Chairman, should be Independent Non-Executive Directors, meaning that those directors should be independent in character and judgment, and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

The Independent Non-Executive Directors play a key role in ensuring the maintenance of high business standards, assist in the formation of strategy and provide a constructive and experienced perspective. The Board considers that Paul Moody, Charles Brady, John Warren and Tina Southall are independent for the purposes of the Code. The Board reviews the independence of Non-Executive Directors on an ongoing basis and manages a succession plan which considers the skills balance of the Board, the tenure of existing Non-Executive Directors and the Company's strategy and diversity policy.

CHARLES BRADY
CHAIRMAN OF THE NOMINATION COMMITTEE

3 March 2020

Audit Committee Report

I am pleased to present my report to Shareholders as Chairman of the Audit Committee.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is responsible for maintaining an appropriate relationship with the Group's external auditors and for reviewing the Group's internal financial controls and the audit process. It assists the Board in seeking to ensure the integrity of the financial and non-financial information supplied to Shareholders and that such information presents a fair, balanced and understandable assessment of the Group's performance and position.

The Audit Committee has terms of reference which were reconsidered and approved by the Board at its meeting on 17 December 2019. These terms of reference are available for inspection at the Company's registered office during normal business hours. The Board considers that the Audit Committee members have an understanding of the following areas:

- The principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice
- Key aspects of the Group's operations including corporate policies and the Group's internal control environment
- Matters which may influence the presentation of the financial statements
- The principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation
- The role of internal and external auditing and risk management
- The regulatory framework for the Group's businesses

The Committee reviews the effectiveness, objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit services.

COMPOSITION OF THE AUDIT COMMITTEE

I chair the Audit Committee and I am the Senior Independent Non-Executive Director. I am a chartered accountant and was Group Finance Director of United Biscuits (Holdings) Plc and WH Smith PLC. The Board is of the view that I have recent and relevant financial knowledge and experience derived in particular from current roles as Chairman of the Audit Committee at Bloomsbury Publishing Plc, Welsh Water and Greencore Group plc.

The other members of the Committee during the period were Charles Brady and, from 30 July 2019, Tina Southall, both Independent Non-Executive Directors. The Chairman of the Company and the Chief Financial Officer are normally invited to attend meetings of the Audit Committee as are, from time to time, the Chief Executive Officer and the Group Financial Controller. The Company Secretary and external audit partner also attend the meetings.

HOW THE AUDIT COMMITTEE DISCHARGES ITS RESPONSIBILITIES

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditors. Members of the Committee may, in pursuit of their duties, take independent professional advice on any matter, at the Company's expense. The Audit Committee Chairman reports the outcome of Audit Committee meetings to the Board.

The Audit Committee meets at least twice each year and has an agenda linked to events in the Group's financial calendar. The Audit Committee met twice during 2019.

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Group's senior management and the external auditors.

MAIN ACTIVITIES OF THE COMMITTEE IN REGARD TO THE PERIOD ENDED 28 DECEMBER 2019

In regard to the period ended 28 December 2019, the Audit Committee's business has included the following items:

- Consideration and approval of half year results announcement
- Consideration and approval of full year results announcement and the Annual Report and Accounts
- Principal judgmental accounting matters affecting the Group based on reports from both the Group's management and the external auditors
- Review of external audit
- Consideration of the internal controls within the Group
- Consideration and approval of risk assessments relating to the Group's businesses
- Specific investigations as required

ANNUAL REPORT AND ACCOUNTS AND RESULTS ANNOUNCEMENTS

During the period, the Audit Committee formally reviewed draft half and full year results announcements and the Annual Reports and Accounts. These reviews considered:

- The accounting principles, policies and practices adopted in the Group's financial statements and proposed changes to them
- Significant accounting issues and areas of judgment and complexity
- The integrity of the financial and non-financial information

The Committee was satisfied with management's presentation of the 2019 half and full year results announcements and the Annual Reports and Accounts for the period ended 28 December 2019.

The external auditors confirmed to the Committee that they were not aware of any material misstatements during the course of their audit.

After reviewing the presentation from management and following discussions with the external auditors, the Committee is satisfied that:

- The financial statements appropriately address the critical judgments and key estimates both in respect of the amounts reported and the related disclosures in the financial statements
- The processes used for determining the value of the assets and liabilities have been appropriately reviewed, challenged and are sufficiently robust
- The Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's position and performance, business model and strategy and should be recommended to the Board

In arriving at the conclusion that the Annual Report and Accounts were fair, balanced and understandable the Committee considered:

- Any feedback provided by Shareholders on the Group's 2018 Annual Report and Accounts and trading updates, and information received by the Board throughout the period
- The processes underpinning the compilation of the Annual Report and Accounts and the Group's reporting governance framework
- The reviews and findings of the Group's external auditors

As necessary, the Audit Committee holds private meetings with the external auditors to review key issues within their spheres of interest and responsibility.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGMENTS

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgments. Where necessary the Committee discusses accounting policies, judgments and estimates with management.

The Committee also reviews reports by the external auditors on the full year results which highlight any issues arising from the work undertaken in respect of the year end audit.

Specific areas of audit and accounting estimates reviewed by the Committee were:

ACCOUNTING FOR DEFINED BENEFIT PENSION SCHEME

The defined benefit pension scheme is material to the financial position of the Group. The amount shown in the balance sheet is sensitive to changes in key actuarial assumptions. The Committee reviewed the appropriateness and consistency of these assumptions and the auditors confirmed that the assumptions used were reasonable and within an acceptable range. Full disclosure of the pension scheme is provided in note 18 to the financial statements, which includes the key period end assumptions and the sensitivities on page 88.

LEASES

The Group has adopted IFRS 16 this financial year. 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 cannot be determined, the lessee's incremental borrowing rate. It was not possible to ascertain the interest rates implicit in the existing leases therefore estimates have been based on the incremental cost of borrowing for similar terms and assets.

Additionally, an estimate of the residual term over which the Oshkosh office lease will be rolled over has also been necessary (note 16).

The Committee has reviewed these estimates with management and is satisfied they are appropriate.

SUPPLIER REBATES

As in previous years, the businesses accrued rebates due from key suppliers based on agreed fixed rates relating to the volumes of goods purchased in a calendar year. The Committee does not consider the Group's rebates to be highly complex as: they are volume-related; agreement periods are coterminous with the Group's accounting period; there are written agreements in place with suppliers; and historically rebates have been collected. However, FRC guidance has highlighted this as an area of focus and the rebates are material to the results for the period.

The Committee has discussed, with management and the external auditors, any estimates made in accruing suppler rebates and the collectability of these amounts. The Committee is satisfied that the amounts accrued are appropriate and are recoverable.

EXTERNAL AUDIT

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit, overseeing relations with the external auditors and making recommendations to the Board on appointment or re-appointment of the external auditors.

The Company complies with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Uses of Competitive Tender Process and Audit Committee Responsibilities) Order 2014 and undertook a competitive tender process in 2018, described in the 2018 Annual Report and Accounts. Following this process Ernst & Young LLP were appointed as the Group's external auditors at the 2019 AGM for the financial year commencing 30 December 2018. It is the intention of the Committee that the Company tender the external audit at least every ten years.

The Group's policy on external audit prohibits certain types of non-audit work from being performed by the external auditors, particularly in cases where the external auditors' objectivity and independence would be put at risk. Before any significant non-audit work is commissioned, the nature and extent of such work is considered, initially by the Chief Financial Officer and the Company Secretary, to determine if such work would put at risk the external auditors' objectivity and independence. This process includes discussion with the audit partner at Ernst & Young LLP. The matter is then referred to the Audit Committee for approval, prior to commissioning. During 2019, the Group's external auditors provided $13,000 of non-audit services to the Group.

Details of fees paid to the auditors in respect of audit and non-audit services are shown in note 2 to the consolidated financial statements.

To fulfil its responsibility regarding the independence of the existing external auditors, the Audit Committee reviewed:

- Changes and rotation of external audit team members in the audit plan for the current year
- A report from the external auditors describing their arrangements to identify, report and manage any conflicts of interest
- The nature and extent of non-audit services, if any, provided by the external auditors

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- The relevant skills and experience of the audit partner and team and their knowledge of the business
- Planning and scope of the audit and identification of areas of audit risk
- Execution of the audit plan
- Formal reports presented to the Audit Committee

To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

- The terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditors' engagement letter for the forthcoming year
- The external auditors' overall work plan for the forthcoming year
- The external auditors' fee proposal
- The major issues that arose during the course of the audit and their resolution
- Key accounting and audit judgments
- The levels of errors identified during the audit
- Recommendations made by the external auditors in their management letters and the adequacy of management's response

Based upon its reviews, the Committee has recommended the re-appointment of Ernst & Young LLP, as external auditors, to the Board.

INTERNAL CONTROL

The Audit Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy and effectiveness of the control environment and the Group's compliance with the Corporate Governance Code. To fulfil these duties, the Audit Committee reviewed:

- The external auditors' review of internal controls and audit highlights memoranda
- Any reports on the systems of internal controls and risk management

Given the present nature of the business model and structure of the Group with one main operating site, stable operating and financial systems and the close involvement of the Executive Directors in the day-to-day running of the business, the Board does not currently consider the establishment of a separate internal audit function to be necessary. However, this matter is reviewed by the Board at least annually. The absence of internal audit probably does result in additional substantive testing by the external auditors, but the overall impact is difficult to assess.

The Group has a 'Whistleblowing' policy which contains arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate.

Audit Committee Report continued

The control system of the Group is intended to manage rather than eliminate the risk of failure to meet the Group's objectives and any such system can only provide reasonable and not absolute assurances against material misstatement or loss. The effectiveness of the control system including financial, operating, compliance and risk management is reviewed by the Board at least annually.

Additionally, through the management process outlined in the Statement on Corporate Governance on pages 40 to 42, the Group operates a continuous process of identifying, evaluating and managing the significant risks faced by each business and the Group as a whole. This process, which has been in place throughout 2019 and up to the date of the approval of this Annual Report, complies with the FRC guidance and includes the following:

- A defined organisational structure with appropriate delegation of authority
- Formal authorisation procedures for all investments
- Clear responsibilities on the part of management for the maintenance of good financial controls and the production and review of detailed, accurate and timely financial management information
- The control of financial risks through clear authorisation levels
- Identification of operational risks and the development of mitigation plans by senior management
- Regular reviews of both forward-looking business plans and historic performance
- Regular reports to the Board from the Executive Directors

The internal controls extend to the financial reporting process and the preparation of the consolidated financial statements. The basis of preparation of the consolidated financial statements is set out on page 70.

The internal control process will continue to be monitored and reviewed by the Board, which will, where necessary, ensure improvements are implemented. During the period the Board has undertaken a review of the effectiveness of internal controls and systems. No material matters were identified.

As Chairman of the Committee, I will be present at the 2020 AGM to answer questions on this report, matters within the scope of the Audit Committee's responsibilities and any significant matters brought to the Audit Committee's attention by the external auditors.

JOHN WARREN
CHAIRMAN OF THE AUDIT COMMITTEE

3 March 2020

Remuneration Committee
Annual Statement by the Chairman

2019 HIGHLIGHTS
- Overseeing the implementation of the Company's current Remuneration Policy: determining base salary increases and setting appropriately stretching forward looking bonus targets for both Executive Directors and senior management
- Reviewing incentives and considering whether they were aligned to Company performance over the short and long term and assessing the need for discretion to ensure the Company maintains an appropriate pay for performance relationship
- Reviewing the remuneration-related provisions of the 2018 Code
- Reviewing executive pension provisions considering recent views of investors and their advisors

2020 PRIORITIES
- Review of Remuneration Policy in preparation for its consideration by Shareholders at the 2021 AGM
- Engage with Shareholders and investor advisors on new policy proposals
- Ensure thorough consideration of the remuneration-related provisions of the 2018 Code as part of policy review
- Consideration of possible suitable CEO pay ratio disclosures
- Continue to monitor governance, regulatory and investor developments on executive compensation matters

KEY REMUNERATION PRINCIPLES
The Committee's long-held view regarding remuneration is that it should be:
- Competitive when compared to organisations of a similar size, complexity and type
- Linked to the long-term strategy of the Group
- Clear, easy to understand and motivating
- Structured to not promote unacceptable behaviour or encourage unacceptable risk-taking
- Structured to avoid reward for failure

On behalf of the Remuneration Committee (the "Committee") I am pleased to provide information divided into the following two sections:
- This Annual Statement which summarises the remuneration decisions made during the year and the context in which these decisions have been taken
- The Remuneration Report for the year ended 28 December 2019 (see pages 51 to 55)

BUSINESS CONTEXT FOR EXECUTIVE REMUNERATION
Over the last several years 4imprint Group plc (the "Group") has performed extremely well, consolidating its position as a leading direct marketer of promotional products in each of its target markets. In 2019 the business produced strong financial results, including:
- Group revenue growth of 17% (all organic)
- Increase in underlying operating profit of 19%
- Increase in basic earnings per share of 21%
- Increase in dividend per share paid and proposed of 20%
- Consistent investment in marketing and infrastructure to lay the foundations for future growth

The excellent corporate performance of the Group demonstrates that the current strategy is well-conceived and remains fit for purpose.

COMMITTEE DECISIONS AND UNDERTAKINGS IN 2019
REWARDING PERFORMANCE
The incentives for the year ended 28 December 2019 were in line with the Company's approved Remuneration Policy including the 2015 Incentive Plan, the full details of which can be found on the corporate website at https://investors.4imprint.com/media/1569/remuneration-policy-approved-at-the-2018-agm.pdf.

Following the strong overall performance outlined above, the Committee determined that the annual bonus for Executive Directors was a maximum award of 100% of base salary.

This decision is in the context of:
- Sales growth of 17% (out of a performance range of 11%–19%)
- Operating profit of $58m (out of a performance range of $53m–$55m)

The calculation of the annual bonus is based on the results of the North American business since this represents 97% of Group revenue, and its financial performance is the dominant factor influencing the Group's financial results.

50% of the annual bonus for Executive Directors will be deferred into shares for five years.

The Committee believes that the annual bonus appropriately reflects the overall performance in 2019 and more details are set out in the Remuneration Report on page 53.

CORPORATE GOVERNANCE DEVELOPMENTS
As explained in the Statement on Corporate Governance, it is the 2016 Code which applies to the financial year reported on. However, the Committee has carefully reviewed the requirements of the 2018 Code during the year.

The Committee concluded that, given the Code's focus, the core construct of current policy remains fit for purpose and that practice to date and the Committee's Terms of Reference (which were revised during the year) already reflect the Code's requirements in the areas of:
- Promotion of long-term shareholdings by Executive Directors to ensure Shareholders alignment (the current Executive Directors are among the largest individual Shareholders in the Group)
- Pension contribution rates for Executive Directors which are already aligned to the workforce
- 'Remuneration schemes' are aligned with a five year time horizon
- Focus on fair pay, given relatively modest current executive pay levels
- The need to review workforce remuneration and related policies and take these into account when setting the policy for Executive Director remuneration

However, the Committee also observed certain features of its current policy as worthy of consideration and review in the context of the 2018 Code. These areas were:
- The expectation for shareholding guidelines to be extended to apply post-employment
- The expectation to review the alignment of incentives and rewards with culture
- The expectation to engage with the workforce to explain how executive remuneration aligns with wider company pay policy
- Strengthening existing channels of employee engagement

The above areas will be reviewed as part of the policy review that the Committee will commence during 2020 and, where appropriate, incorporated as part of the revised policy or revised Committee processes, or both, presented to Shareholders at the AGM in 2021.

For many FTSE 350 organisations this is the first year of reporting on the CEO Pay Ratio. Although the Group is not required to disclose this information owing to the number of UK employees, the Committee is currently reviewing what effective disclosure (if any) can be made in this area.

The effectiveness of the Committee was considered as part of the external Board Effectiveness Review conducted during 2019. I am pleased to report that the Committee was found to be performing satisfactorily.

Remuneration Committee continued
Annual Statement by the Chairman

DIRECTOR CHANGES
Following the announcement included in the half year results for 2019, 4imprint Group plc confirmed that Andrew Scull stepped down from the Board as Corporate Services Director and Company Secretary in December 2019. In all respects Andrew is considered to be a 'Good Leaver'. His leaving terms were within the approved Policy, consisting of remuneration until the end of his employment on 30 June 2020. It was agreed by the Committee that Andrew's bonus for 2019 would be measured using the same grid as the CEO and CFO and he therefore received a maximum bonus of 50% of salary paid in cash. Andrew will not be participating in the 2020 Executive Director annual bonus and will receive no other payment for loss of office. No further appointments have been made to the Board following his departure.

COMMITTEE DECISIONS AND UNDERTAKINGS DURING 2020
IMPLEMENTATION OF POLICY IN 2020
The annual bonus performance targets for 2020 have been agreed by the Committee based on the principles set out in the 2015 Incentive Plan. These targets were set following a robust process taking into account external and internal expectations concerning future corporate performance, together with knowledge of both last year's targets and outturn. The bonus plan, structured based on revenue growth percentage and operating profit performance of the North American business remain unchanged from last year. The Committee believes that these targets are appropriately supportive of the Group's strategy and when considered together mitigate inappropriate risk-taking. The underlying targets for 2020 are not being disclosed in this report for commercial reasons, however they will be disclosed in next year's Annual Report.

The Group does not operate a long-term incentive plan. Given the existing shareholdings of the current Executive Directors, and the five year bonus deferral mechanism it is felt that such a plan is not currently required, however this position will be reviewed as part of the upcoming policy review.

Base salary increases which take effect from 1 January 2020 for Executive Directors were aligned with increases paid to the wider workforce. Accordingly, Kevin Lyons-Tarr and David Seekings have received base salary increases of 3% for 2020.

REMUNERATION POLICY REVIEW
The 4imprint Group plc Remuneration Policy approved at the 2018 AGM will expire at the AGM in 2021. The Board will propose a further Policy for approval by Shareholders at that time. The Committee will consult with Shareholders and investor advisors on the new Policy proposals during the course of 2020 to seek their views.

Alongside the Committee-led review of the Policy, the Board continues to be kept up-to-date on Governance and Policy developments and will be revising its policies and practices to ensure they evolve in line with the new governance and regulatory requirements and I look forward to reporting on these in due course.

CONCLUSION
The voting outcome at the 2019 AGM in respect of the Annual Remuneration Report for the year ended 28 December 2018 was approval by 98.2% of Shareholders who voted.

I look forward to welcoming you, and receiving your support, at the upcoming AGM.

CHARLES BRADY
CHAIRMAN OF THE REMUNERATION COMMITTEE

3 March 2020

Remuneration Report

This report sets out the information required by the Companies Act 2006, Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Listing Rules of the Financial Conduct Authority. This report is unaudited except where otherwise stated. An ordinary resolution to approve this report will be put to the AGM on 5 May 2020.

REMUNERATION GOVERNANCE

REMUNERATION COMMITTEE COMPOSITION

The Remuneration Committee is a committee whose membership is comprised solely of Independent Non-Executive Directors, being Charles Brady (Chairman of the Committee), John Warren and Tina Southall. The Committee meets at least twice a year and may invite other attendees as it sees fit. Attendance at Committee Meetings in 2019 is shown in the table below.

	Remuneration Committee meetings in 2019
Charles Brady	2
Tina Southall	1*
John Warren	2

* Tina Southall was appointed to the Remuneration Committee on 30 July 2019.

REMUNERATION COMMITTEE RESPONSIBILITIES

The principal duties of the Remuneration Committee are reflected in its terms of reference and include the following:

- To determine and recommend to the Board the overall remuneration policy of the Company
- To determine and recommend to the Board the remuneration of the Executive Directors and the Non-Executive Chairman of the Board
- To review and approve the level and structure of remuneration for senior management
- To determine the targets for any performance-related bonus and share incentive schemes operated for Executive Directors and senior management
- To review and approve any material termination payments

The remuneration of Non-Executive Directors is determined by the Non-Executive Chairman of the Board and the Executive Directors.

In exercising its responsibilities and carrying out key decisions, the Remuneration Committee is mindful of the size and structure of the Company's businesses. It regularly assesses the remuneration of Executive Directors and senior management in the context of the remuneration of the wider workforce and of the Company's actual and projected growth and profitability. The Remuneration Committee also considers the return on value passed on to Shareholders, and engages, as appropriate, with Shareholders and other stakeholders to explain and discuss existing policy and future decision making.

Towards the end of 2019 the Committee engaged Willis Towers Watson as remuneration consultants. No fees were paid to Willis Towers Watson during 2019.

DIRECTORS' REMUNERATION POLICY

The Company has a well-established and clear Remuneration Policy which includes a simple and transparent approach to both fixed and variable pay. The Remuneration Policy is structured to focus on incentivisation and to avoid reward for failure and is designed not to promote unacceptable behaviour or encourage unacceptable risk taking, in line with the Company's culture and purpose. The Committee has responsibility for reviewing the Remuneration Policy on an ongoing basis with a view to ensuring that it appropriately reflects the Company's strategy.

The current Directors' Remuneration Policy was approved at the Company's AGM on 8 May 2018 and full details can be found on the corporate website at https://investors.4imprint.com/media/1569/remuneration-policy-approved-at-the-2018-agm.pdf.

The Board will propose a further Remuneration Policy for approval by Shareholders at the 2021 AGM.

DIRECTORS' CONTRACTS

A summary of the key elements of the Executive Directors' current service agreements, as well as guidelines explaining the Group's contracts policy, is set out in the approved Remuneration Policy, available at https://investors.4imprint.com/media/1569/remuneration-policy-approved-at-the-2018-agm.pdf.

The Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours.

Remuneration Report continued

REMUNERATION IMPLEMENTATION

DIRECTORS' REMUNERATION – SINGLE TOTAL FIGURE (AUDITED INFORMATION)

Apart from Kevin Lyons-Tarr and David Seekings, Directors are paid in Sterling. It is therefore considered more appropriate to present the Directors' remuneration in Sterling. The US dollar remuneration amounts for Kevin and David are disclosed separately below.

2019	Base salary £	Benefits £	Annual bonus (i) £	Long-term incentives £	Pension (ii) £	**Total remuneration 2019 £**	Fixed pay £	Variable pay £
Executive								
K. Lyons-Tarr	388,145	14,106	385,125	–	7,783	**795,159**	410,034	385,125
A. Scull (iii)	202,152	20,047	101,076	–	30,323	**353,598**	252,522	101,076
D. Seekings	258,763	18,177	256,750	–	7,674	**541,364**	284,614	256,750
Non-Executive								
P. Moody	120,000	–	–	–	–	**120,000**	120,000	–
J. Warren	45,000	–	–	–	–	**45,000**	45,000	–
C. Brady	45,000	–	–	–	–	**45,000**	45,000	–
C. Southall	29,365	–	–	–	–	**29,365**	29,365	–
Total	**1,088,425**	**52,330**	**742,951**	**–**	**45,780**	**1,929,486**	1,186,535	742,951

2018	Base salary £	Benefits £	Annual bonus (i) £	Long-term incentives £	Pension (ii) £	Total remuneration 2018 £	Fixed pay £	Variable pay £
Executive								
K. Lyons-Tarr	359,930	13,079	357,526	–	7,290	737,825	380,299	357,526
A. Scull (iii)	196,265	20,832	98,133	–	29,440	344,670	246,537	98,133
D. Seekings	239,953	15,741	238,351	–	7,200	501,245	262,894	238,351
Non-Executive								
P. Moody	120,000	–	–	–	–	120,000	120,000	–
J. Warren	35,000	–	–	–	–	35,000	35,000	–
C. Brady	35,000	–	–	–	–	35,000	35,000	–
Total	986,148	49,652	694,010	–	43,930	1,773,740	1,079,730	694,010

Benefits include car allowance, medical insurance, life assurance and income protection.

(i) For Kevin Lyons-Tarr and David Seekings 50% of the annual bonus is payable in the form of conditional share awards pursuant to the terms of the 2015 Incentive Plan.
(ii) Andrew Scull received £30,323 (2018: £29,440) pay in lieu of pension contributions.
(iii) Andrew Scull resigned as an Executive Director on 27 December 2019.

KEVIN LYONS-TARR AND DAVID SEEKINGS US DOLLAR REMUNERATION

2019	Base salary $	Benefits $	Annual bonus $	Long-term incentives $	Pension $	**Total remuneration $**	Fixed pay $	Variable pay $
Executive								
K. Lyons-Tarr	495,583	18,011	491,727	–	9,937	**1,015,258**	523,531	491,727
D. Seekings	330,389	23,208	327,818	–	9,798	**691,213**	363,395	327,818
2018								
K. Lyons-Tarr	480,614	17,464	477,405	–	9,734	985,217	507,812	477,405
D. Seekings	320,409	21,020	318,270	–	9,614	669,313	351,043	318,270

SALARIES

The Chief Executive Officer, the Chief Financial Officer and the Corporate Services Director all received an increase in basic annual salary in 2019 of 3%, reflecting the increase in the cost of living. Such increase was in line with the increase applied to the remuneration of the businesses' workforce in general.

At its meeting in January 2020, the Remuneration Committee awarded a 2020 basic annual salary increase of 3% to the Chief Executive Officer and the Chief Financial Officer, this being in line with the increase in 2020 basic annual salary for all employees. The Corporate Services Director resigned from the Board on 27 December 2019.

In addition, the Remuneration Committee approved an increase in the Chairman's annual fee to £150,000 with effect from 1 January 2020.

SHORT AND LONG TERM INCENTIVES: 2015 INCENTIVE PLAN

The Executive Directors participate in the 2015 Incentive Plan (the "Plan") through which they may receive an annual bonus, half of which is paid in cash and half of which is deferred into shares, through the award of nil cost options or conditional share awards.

The bonus is variable and depends on performance targets being achieved. The performance measures used for the Executive Directors are based on the North American business (which comprises 97% of the revenue of the Group) achieving certain levels of operating profit and revenue growth.

The operating profit and revenue growth targets for 2019 were set by the Remuneration Committee at its meeting in January 2019. The Committee approved a target grid which set out a variable amount of bonus payable, as a percentage of base salary, depending on the extent to which operating profit achieved for 2019 was over $53m and revenue growth was over 11%. If operating profit was $53m and revenue growth was 11%, a bonus of 10% of base salary would be achieved. If operating profit was below $53m and revenue growth below 11%, no bonus would be achieved.

The target grid for 2019 determined that if budget operating profit of $55m and revenue growth of 14% were achieved for the US business, the Executive Directors would each earn a bonus of 50% of base salary.

For the year ended 28 December 2019, the North American business achieved operating profit of $58m and revenue growth of 17% which resulted in a bonus payable to the Executive Directors of 100% of base salary, payable 50% in cash and 50% in the form of conditional share awards with a vesting period of five years. The Committee approved these bonus awards in its meeting in January 2020 and had no requirement to exercise its discretion to alter the amount of bonus payable.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED INFORMATION)

Details of the beneficial interests in the number of ordinary shares held in the Company by each Director and their connected persons are set out below:

	Holding at 28 December 2019*	Holding at 29 December 2018*
Paul Moody	**5,000**	5,000
Kevin Lyons-Tarr	**258,180**	254,036
Andrew Scull	**45,000**	50,000
David Seekings	**181,327**	178,478
John Warren	**5,000**	5,000
Charles Brady	**1,000**	1,000
Tina Southall	**–**	–

* Or date of appointment/resignation.

There has been no change in the Directors' interests in the share capital of the Company since 28 December 2019 to the date of this report.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED INFORMATION)

Scheme interests awarded in the year comprise deferred bonus payments and SAYE scheme interests only.

Details of share options held by the Directors are set out below:

								Exercisable	
	Holding at 29 Dec 2018	**Granted during the year**	**Exercised**	**Holding at 28 Dec 2019***	Date of grant	Share price at date of grant	Exercise price	From	To
K. Lyons-Tarr									
US ESPP	900	**–**	**–**	**900**	26 Sept 2018	£20.00	$22.16	4 Dec 2020	4 Dec 2020
2015 Incentive Plan	6,376	**–**	**(6,376)**	**–**	30 Mar 2016	£12.55	nil	30 Mar 2019	30 Mar 2019
2015 Incentive Plan	4,121	**–**	**–**	**4,121**	30 Mar 2017	£17.75	nil	30 Mar 2020	30 Mar 2020
2015 Incentive Plan	4,514	**–**	**–**	**4,514**	15 Apr 2018	£15.80	nil	15 Apr 2021	15 Apr 2021
2015 Incentive Plan	–	**10,196**	**–**	**10,196**	28 Mar 2019	£24.00	nil	28 Mar 2024	28 Mar 2024
A. Scull									
SAYE	1,761	**792**	**(1,761)**	**792**	25 Sept 2019	£29.90	£22.70	1 Nov 2022	3 Apr 2023
D. Seekings									
US ESPP	900	**–**	**–**	**900**	26 Sept 2018	£20.00	$22.16	4 Dec 2020	4 Dec 2020
2015 Incentive Plan	4,383	**–**	**(4,383)**	**–**	30 Mar 2016	£12.55	nil	30 Mar 2019	30 Mar 2019
2015 Incentive Plan	2,747	**–**	**–**	**2,747**	30 Mar 2017	£17.75	nil	30 Mar 2020	30 Mar 2020
2015 Incentive Plan	3,009	**–**	**–**	**3,009**	15 Apr 2018	£15.80	nil	15 Apr 2021	15 Apr 2021
2015 Incentive Plan	–	**6,797**	**–**	**6,797**	28 Mar 2019	£24.00	nil	28 Mar 2024	28 Mar 2024

* Or date of resignation.

Gains made on exercise of options in the period were £156,850 for Kevin Lyons-Tarr, £107,822 for David Seekings and £26,908 for Andrew Scull (2018: £7,338 for both Kevin Lyons-Tarr and David Seekings).

Remuneration Report continued

During 2019 the middle-market value of the share price ranged from £18.00 to £35.00 and was £35.00 at the close of business on 28 December 2019.

During the period 16,993 awards of conditional shares were made under the Plan, in respect of 2018 bonus awards made to the US-based Executive Directors. The intention is to make awards in 2020 in accordance with the rules of the Plan, in respect of 2019 bonus awards.

Details of share options granted by 4imprint Group plc as at 28 December 2019 are given in note 23. None of the terms and conditions of the share options were varied during the period. The performance criteria for all Directors' options were consistent with the Remuneration Policy. Once an award has vested, the exercise of share options is unconditional, subject to the Rules of the option grant.

PAYMENTS TO PAST DIRECTORS

It is the Committee's intention to disclose any payments to past Directors, including the vesting of share-based awards post departure on a basis consistent with the continuing Executive Directors. Andrew Scull resigned as an Executive Director on 27 December 2019. Details of payments made to Andrew in respect of the financial year ended 28 December 2019 are set out within this report. There were no other payments to past Directors during the year.

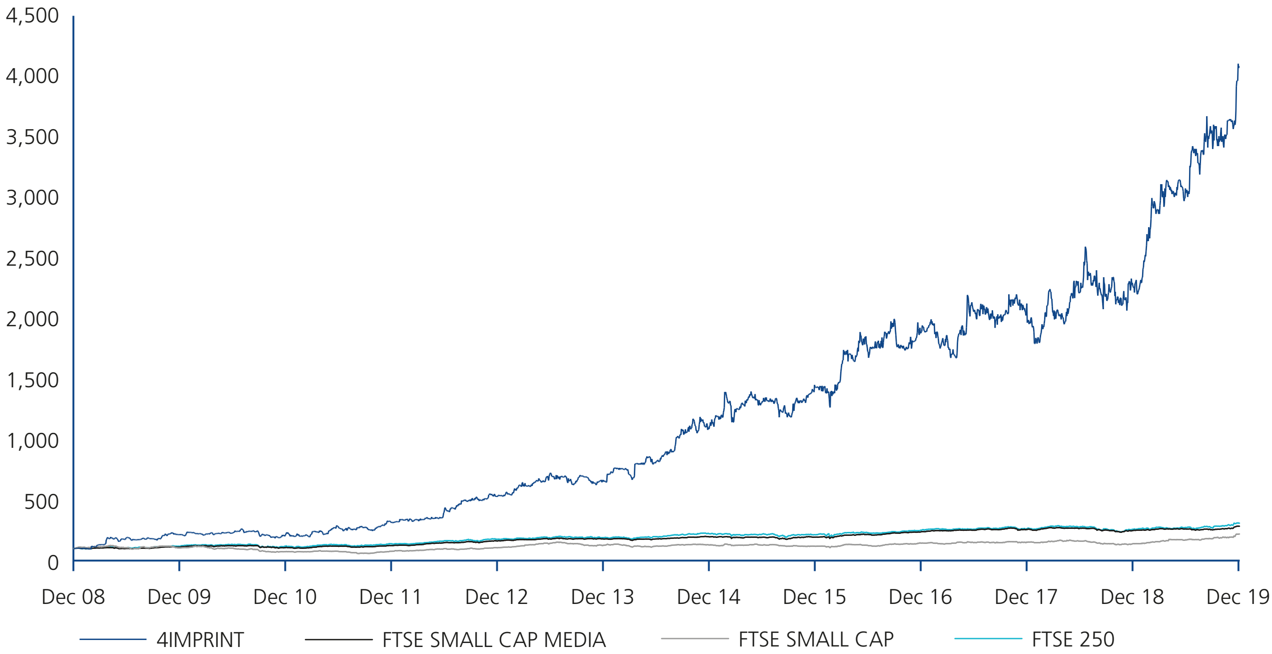
PAYMENTS FOR LOSS OF OFFICE

There were no payments for loss of office made during the year.

PERFORMANCE GRAPH AND TABLE

TOTAL SHAREHOLDER RETURN

The graph below illustrates the Company's Total Shareholder Return performance relative to the FTSE SmallCap, FTSE SmallCap Media and FTSE 250 indices of which the Company is a constituent. The graph shows performance of a hypothetical £100 invested over the period.



TOTAL REMUNERATION OF EXECUTIVE CHAIRMAN/CHIEF EXECUTIVE OFFICER

	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	**2019 £'000**
K. Lyons-Tarr						326	481	564	738	**795**
J.W. Poulter	40	120	738	1,380	180	45				
K.J. Minton	172									
Total remuneration	212	120	738	1,380	180	371	481	564	738	**795**
Annual variable award										
Percentage versus max opportunity (%)	100	n/a	n/a	n/a	100	60	40	50	100	**100**
Long-term incentive										
Vesting rate (%)	–	–	33.30	66.70	–	–	–	–	–	**–**

Kevin Lyons-Tarr was appointed Group Chief Executive Officer on 31 March 2015. Prior to that, the Executive Chairman, John Poulter, fulfilled the role.

PERCENTAGE CHANGE IN REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EMPLOYEES

The table below shows the percentage change in remuneration of the Director undertaking the role of Chief Executive Officer and the Company's employees as a whole between 2019 and 2018.

	Percentage increase in remuneration in 2019 compared with remuneration in 2018	
	Chief Executive Officer	Average pay based on all employees
Salary	3%	1%
Taxable benefits	3%	–13%
Annual bonus	3%	–15%

The average pay increases shown in the table for all employees reflect that new employees starting in the period were principally at junior staff levels. Taxable benefits principally apply to UK employees, so the percentage change is skewed by the increasing numbers of US employees. Existing employees typically received a salary increase just below 3% in 2019 and benefits were unchanged.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the Group's actual spend on pay relative to dividends:

	2019 $m	2018 $m	Percentage change
Wages and salaries	**58.24**	51.38	13%
Dividends paid	**20.66**	32.98	–37%

Dividends paid in 2018 reflect a one-off special dividend of 60.0c per share ($16.28m) paid in May 2018; excluding this the dividend increase is 24%.

STATEMENT OF VOTING AT GENERAL MEETING

At the 2019 AGM Shareholders approved the Remuneration Policy, which can be found on the corporate website at https://investors.4imprint.com/investors/Shareholders-information/agm-company-documents/.

Votes cast by proxy and in the meeting in respect of Directors' remuneration were as follows:

Resolution	AGM	Votes for	% for	Votes against	% against	Votes withheld (abstentions)
Approval of Remuneration Report	2019	20,803,509	98.20%	382,305	1.80%	317,155
Approval of Remuneration Policy	2018	19,117,268	85.97%	3,120,163	14.03%	190,697

IMPLEMENTATION OF POLICY IN 2020

The annual bonus performance targets for 2020 have been agreed by the Remuneration Committee at its meeting in January 2020 and are based on the principles set out in the 2015 Incentive Plan. The bonus plan variables, consisting of revenue growth percentage and operating profit performance of the North American business, remain unchanged from last year. The targets are not disclosed in this report for commercial reasons.

On behalf of the Board,

CHARLES BRADY
CHAIRMAN OF THE REMUNERATION COMMITTEE

3 March 2020

Directors' Report

The Directors present their report and the audited consolidated and Company financial statements for the period ended 28 December 2019. The Company's Statement on Corporate Governance is included in the Corporate Governance section on pages 40 to 43 of this Annual Report. The Statement on Corporate Governance forms part of the Directors' Report and is incorporated into it by cross-reference.

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. It is limited by shares. Its registered office is 25 Southampton Buildings, London WC2A 1AL.

DIVIDENDS

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

An interim dividend of 25.00c (20.52p) per ordinary share was paid on 17 September 2019 and the Directors recommend a final dividend of 59.00c (46.16p) per share. The proposed final dividend, if approved, will be paid on 15 May 2020 in respect of shares registered at the close of business on 14 April 2020.

The total distribution paid and recommended for 2019 on the ordinary shares is $23.6m or 84.00c (66.68p) per share (2018: $19.6m or 70.00c (53.15p) per share).

CROSS-REFERENCE TO STRATEGIC REPORT

The Strategic Report is set out on pages 6 to 36 of the Annual Report. It includes the Chief Executive's Review and Financial Review, which contain information and disclosures concerning the Group's financial performance and position, future prospects, key performance indicators, principal risks and uncertainties, risk management objectives and policies, going concern and viability. The Board regularly considers the Company's approach to its risk management objectives and policies and reviewed the Company's risk management processes at a Board meeting in October 2019. The Board concluded that the current risk management processes are appropriate for the nature of the business and current Group structure. Details of the Company's risk management processes are set out on page 22.

In addition, the Responsibility section, which is included within the Strategic Report, contains information in respect of the Group's approach to social and ethical responsibility, the environment, health and safety, diversity, disabled persons and employee welfare. These policies and practices demonstrate the importance which the Directors place on fostering the Group's relationships with its employees, customers and suppliers. These elements of the Strategic Report are incorporated into the Directors' Report by cross-reference.

DIRECTORS

The names and biographical details of the present Directors, their committee memberships, independence status and identification of the Senior Independent Director are given on pages 38 and 39. The Directors served throughout the period ended 28 December 2019 and up to the date of signing of these financial statements, with the exception of Andrew Scull who resigned as a Director and Company Secretary on 27 December 2019.

The interests of the Directors in the shares of the Company are shown on page 53.

None of the Directors, nor their associated companies, nor any members of their families, had any interest either during or at the end of the period ended 28 December 2019 in any contract with the Company or its subsidiaries requiring disclosure under Sections 197, 198, 200, 201 and 203 of the Companies Act 2006.

SHARE CAPITAL

The Group's objective for managing capital is described in note 21.

The Company has a single class of share capital which is divided into ordinary shares of 38 $^{6}/_{13}$ pence each. The shares are in registered form.

RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

Subject to applicable statutes and other Shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or, if there is no such resolution or in so far as it does not make specific provision, as the Board may decide. At each Annual General Meeting ("AGM"), the Company seeks annual Shareholder authority for the Company's Directors to allot shares, in certain circumstances, for cash. Currently, there are no such restrictions in place over the issued share capital of the Company, other than those required by law or regulation.

RELATIONS WITH SHAREHOLDERS

SUBSTANTIAL INTERESTS

At 28 December 2019 the Company had been notified of the following interests in the issued ordinary share capital of the Company:

	Number of shares	%
Standard Life Aberdeen Plc	3,449,911	12.28
BlackRock Inc.	3,036,120	10.81
FIL Limited	1,160,653	4.13
Montanaro Asset Management	1,145,588	4.08
AXA Investment Managers	907,857	3.23
Invesco Perpetual Asset Management	847,147	3.02
Kames Capital Plc	804,260	2.86

The Company has received notifications of changes in holdings since 28 December 2019 from BlackRock Inc. that their holding is now 2,996,145 shares.

The Board places a high value on its relations with its investors and consults with Shareholders in connection with specific issues where it considers it appropriate. The Group, principally through the Chief Executive Officer and Chief Financial Officer, has regular dialogue and meetings with institutional Shareholders, fund managers and analysts. Subject always to the constraints regarding sensitive information, discussions cover a wide range of issues, including strategy, performance, management and governance.

The Board considers it important to understand the views of Shareholders, in particular any issues which concern them. The Senior Independent Non-Executive Director is available to meet major Shareholders, if they so wish.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Qualifying third party indemnity agreements have been signed by the Company in respect of Kevin Lyons-Tarr, David Seekings, Andrew Scull, Paul Moody, John Warren, Charles Brady and Tina Southall, with effect from the date of their respective appointments to the Board of Directors.

SHARES HELD IN TRUST FOR EMPLOYEE SHARE SCHEMES

The trustees of the 4imprint 2012 Employee Benefit Trust may vote or abstain from voting on shares held in the trust in any way they consider appropriate.

SIGNIFICANT AGREEMENTS

There are no agreements containing provisions entitling a counterparty to exercise termination or other rights in the event of a change of control.

REMUNERATION REPORT

Details of the procedures and guidelines used by the Remuneration Committee in determining remuneration are outlined in its report on page 51.

PURCHASE OF OWN SHARES

Following approval at the 2019 AGM of Resolution 14, the Company is authorised, generally and without conditions, to make market purchases, as defined in the Companies Acts, of its ordinary shares of 38 $^{6}/_{13}$ pence subject to the provisions set out in such Resolution. This authority applies from 7 May 2019 until the earlier of the end of the 2020 AGM or 6 August 2020 unless previously cancelled or varied by the Company in a general meeting. No such cancellation or variation has taken place. During the period, no shares have been purchased by the Company, but the Employee Benefit Trust purchased 81,705 (2018: 88,000) ordinary shares.

WAIVER OF DIVIDENDS

The dividend income in respect of the 87,306 shares (2018: 55,734 shares) held in the 4imprint 2012 Employee Benefit Trust has been waived at the date of this report.

GOING CONCERN

The going concern statement is on page 21.

ENVIRONMENT AND SUSTAINABILITY

The Board recognises its obligations to protect the environment and is committed both to achieving required environmental standards across all the activities of the Group and to minimising its environmental impact. Further information about the Group's environmental and sustainability policy is set out in the Responsibility section on pages 34 and 35.

GREENHOUSE GAS EMISSIONS REPORT

Global greenhouse gas ("GHG") emissions data for the period

	Tonnes of carbon dioxide equivalent	
	2019	2018
Combustion of fuel and operation of facilities (Scope 1)	**11**	9
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**2,724**	2,818
Emissions intensity per thousand dollars of revenue	**0.003**	0.004

The emissions data set out above relates to the operations of the Group for the period ended 28 December 2019.

METHODOLOGY

All of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for Scope 1 and Scope 2 emissions have been reported.

The emission factors used were from the UK Government's GHG Conversion Factors for Company Reporting 2019, except for electricity usage in the USA where EPA conversion factors were used.

POLITICAL DONATIONS

No political donations were made in the period ending 28 December 2019 or prior period.

ANNUAL GENERAL MEETING

Notice of the AGM is set out in a separate document. Items of special business to be considered at the AGM are described in detail in the Notice of the AGM and the notes on the business to be conducted.

INDEPENDENT AUDITORS

On the recommendation of the Audit Committee, a resolution to reappoint Ernst & Young LLP ("EY") as independent external auditor will be proposed at the 2020 AGM, together with a resolution granting the Directors the authority to determine EY's remuneration.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

In the case of each of the persons who are Directors of the Company at the date this report was approved:

- So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware
- Each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

Approved by the Board and signed on its behalf by

EMMA TAYLOR
COMPANY SECRETARY

3 March 2020

Statement of Directors' Responsibilities
in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and Company financial statements in accordance with IFRSs as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the Directors are required to:
- Select suitable accounting policies and then apply them consistently
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors on pages 38 and 39, confirm that, to the best of their knowledge:
- The Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company
- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Strategic Report on pages 6 to 36 and Directors' Report on pages 56 and 57 include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

EMMA TAYLOR
COMPANY SECRETARY

3 March 2020

Independent Auditor's Report
to the Members of 4imprint Group plc

OPINION

In our opinion:

- 4imprint Group plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 28 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of 4imprint Group plc which comprise:

Group	Parent company
Group balance sheet at 28 December 2019	Company balance sheet at 28 December 2019
Group income statement for the 52 weeks ended 28 December 2019	Statement of changes in Company Shareholders' equity for the 52 weeks ended 28 December 2019
Group statement of comprehensive income for the 52 weeks ended 28 December 2019	Company cash flow statement for the 52 weeks ended 28 December 2019
Group statement of changes in Shareholders' equity for the 52 weeks ended 28 December 2019	Related notes A to R to the financial statements together with a description of the basis of preparation and summary of accounting policies
Group cash flow statement for the 52 weeks ended 28 December 2019	
Related notes 1 to 30 to the financial statements, together with a description of the basis of preparation and summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 22 to 26 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 42 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 21 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 21 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report continued
to the Members of 4imprint Group plc

OVERVIEW OF OUR AUDIT APPROACH

Key audit matters	• Management override of internal controls through manual journals to revenue; and • Accounting for supplier rebates.
Audit scope	• We performed an audit of the complete financial information of two full scope component and audit procedures on specific balances for a further five components. • The components where we performed full or specific audit procedures accounted for 100% of Profit before tax, 100% of Revenue and 100% of Total assets.
Materiality	• Overall Group materiality of $2.7m which represents 5% of underlying profit before taxation.

KEY AUDIT MATTERS
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

RISK – MANAGEMENT OVERRIDE OF INTERNAL CONTROLS THROUGH MANUAL JOURNALS TO REVENUE
DESCRIPTION OF RISK
There is a risk that management may override controls to intentionally misstate revenue transactions through inappropriate manual journal entries and consequently underlying operating profit.

Investor focus on the Group's revenue performance, together with the management reward and incentive schemes, being based on revenue percentage growth and underlying operating profit targets, create an incentive for management to manipulate revenue recognition.

There are no significant judgments involved in the recognition of revenue and our audit risk is focussed on manual journals to the revenue accounts.

Revenue for the year was $861m (2018: $738m) and underlying operating profit was $54m (2018: $45m).

Refer to the Accounting policies (page 71); and note 1 of the Consolidated Financial Statements (page 74).

OUR RESPONSE TO THE RISK
We identified, documented and confirmed our understanding of the Group's revenue recognition policies and assessed the design effectiveness and application of key controls over the revenue process.

We performed testing to validate a sample of revenue transactions extracted from the sales invoicing system to revenue recorded in the general ledger.

In respect of revenue from 4imprint, Inc. and 4imprint Direct Limited, which together form 100% of the Group's revenue, we performed data analytics testing over the entire revenue process from revenue recognition through to invoice settlement. Where the postings did not follow our expectation, we investigated outliers and tested these entries to assess their validity by agreeing the transactions back to source documentation.

We tested journal entries posted to revenue accounts, applying parameters designed to identify entries that were not in accordance with our expectations. This included analysing and selecting journals for testing which appeared unusual in nature due to size, preparer or being manually posted and therefore outside the normal course of business. We verified such journals to source documentation to confirm that the entries supported the revenue recognised and that the entries were valid.

KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
We did not identify evidence of management override through inappropriate journal entries recorded to revenue in the period.

RISK – ACCOUNTING FOR SUPPLIER REBATES
DESCRIPTION OF RISK
The Group receives significant rebates from its suppliers, primarily through 4imprint, Inc. These relate to volume-based rebates on purchases made from key product suppliers throughout the financial period.

The rebates received are determined by formal signed agreements with suppliers and depend on the level of spend within the financial period. Supplier agreements are coterminous with the Group's year end. The percentage of purchases paid as a rebate from certain suppliers increases based on predetermined thresholds within supplier agreements.

There is a risk that rebates recognised are overstated when compared to the eligible amounts set out in the rebate agreements and/or are recognised in advance of achievement of the right to earn the income. Income received from supplier rebates is material in relation to the profit in the period.

Rebate contracts include variable rebate rates which are dependent on product categories and volumes purchased. As this is our first year audit we have treated this as a significant risk. There is no significant judgment in calculating the value of supplier rebates receivable. There is also an element of judgment included in assessing the recoverability of the rebate receivable at the balance sheet date. In total the Group has recognised $22m rebate income and a rebate receivable balance of $16m at the balance sheet date.

Refer to the Accounting policies (page 71); and note 14 of the Consolidated Financial Statements (page 83).

OUR RESPONSE TO THE RISK

For a sample of supplier rebates we obtained rebate agreements and inspected them to assess whether rebates received, and receivable, by the Group had been accounted for in the correct financial period and in accordance with specific terms agreed with suppliers.

We recalculated expected supplier rebate income and receivables based upon spend with suppliers in the period, taking account of agreed rebate rates per signed agreements and cash received during the year for rebate income.

We obtained direct confirmations from a sample of suppliers to agree rebate receivables due at the balance sheet date.

We compared a sample of cash receipts received in the year to the prior year receivables balances to assess the historical accuracy of management's rebate calculations and assessment of recoverability of amounts outstanding at the year end.

We checked a sample of purchase transactions to the purchase reports used in the rebate calculations to assess whether rebate transactions were recorded in the correct period and with regard to the relevant supplier. We inspected a sample of post year end credit notes to check the recoverability of rebate receivable balances.

We examined journal entries to rebate accounts to investigate whether there were unusual entries posted into these accounts.

We performed audit procedures over this risk area on 4imprint, Inc. which covered 53% of the risk amount.

KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE

Rebate income was recorded in accordance with contractual terms, in the correct period and the related year end receivables balance was appropriately valued. We identified a projected understatement of rebate income and receivables; however, the amount was not material.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 7 reporting components of the Group, we selected 7 components covering entities within the United States of America and the United Kingdom, which represent the principal business units within the Group.

Of the 7 components selected, we performed an audit of the complete financial information of 2 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 5 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% of the Group's Profit before tax, 100% of the Group's Revenue and 100% of the Group's Total assets.

For the current year, the full scope components contributed 100% of the Group's Profit before tax, 97% of the Group's Revenue and 96% of the Group's Total assets.

The specific scope components contributed 0% of the Group's Profit before tax, 3% of the Group's Revenue and 4% of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

INVOLVEMENT WITH COMPONENT TEAMS

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $2.7 million, which is 5% of underlying profit before tax. We believe that profit before tax provides us with a normalised trend in trading performance.

We determined materiality for the Parent Company to be £2.25 million, which is 1% of equity.

Independent Auditor's Report continued
to the Members of 4imprint Group plc

STARTING BASIS	• Profit before tax – $54.0m
ADJUSTMENTS	• Non-underlying items: • Defined benefit pension charges – $0.7m
MATERIALITY	• Underlying profit before tax –$54.7m • Materiality of $2.7m (5% of underlying profit before tax)

During the course of our audit, we reassessed initial materiality and there was no change in final materiality from original assessment at planning.

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely $1.3m. We have set performance materiality at this percentage due to this being our first year as auditors.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $0.26m to $1.3m.

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.13m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the Annual Report set out on pages 1 to 58, including the Strategic Report, set out on pages 6 to 36, Governance, set out on pages 40 to 43, and Additional information set out on pages 109 to 111, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 58 –** the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 46 to 48 –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 40 –** the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 58, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report continued
to the Members of 4imprint Group plc

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the USA and UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to occupational health and safety and data protection.
- We understood how 4imprint Group plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programs and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of Group management; and focused testing, as referred to in the key audit matters section above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were appointed by the Company on 7 May 2019 to audit the financial statements for the year ending 28 December 2019 and subsequent financial periods.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CHRISTOPHER VOOGD
(SENIOR STATUTORY AUDITOR)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
3 March 2020

Notes:
1. The maintenance and integrity of the 4imprint Group plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Income Statement
for the 52 weeks ended 28 December 2019

	Note	2019 $'000	2018 $'000
Revenue	1	**860,844**	738,418
Operating expenses	2	**(807,224)**	(694,096)
Operating profit	1	**53,620**	44,322
Finance income		**818**	250
Finance costs		**(67)**	(23)
Pension finance charge		**(378)**	(403)
Net finance income/(cost)	5	**373**	(176)
Profit before tax		**53,993**	44,146
Taxation	6	**(11,276)**	(8,952)
Profit for the period		**42,717**	35,194

		Cents	Cents
Earnings per share			
Basic	7	**152.42**	125.61
Diluted	7	**151.87**	125.22
Underlying* basic	7	**154.41**	129.77

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

Group Statement of Comprehensive Income

for the 52 weeks ended 28 December 2019

	Note	2019 $'000	2018 $'000
Profit for the period		**42,717**	35,194
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences	24	**(173)**	(434)
Items that will not be reclassified subsequently to the income statement:			
Return on pension scheme assets (excluding interest income)	18	**2,372**	(1,951)
Re-measurement (losses)/gains on post-employment obligations	18	**(2,164)**	1,582
Tax relating to components of other comprehensive income		**(570)**	390
Effect of change in UK tax rate		**(9)**	(21)
Total other comprehensive expense net of tax		**(544)**	(434)
Total comprehensive income for the period		**42,173**	34,760

Group Balance Sheet
at 28 December 2019

	Note	2019 $'000	2018 $'000
Non-current assets			
Property, plant and equipment	9	**24,369**	19,012
Intangible assets	10	**1,152**	1,084
Right-of-use assets	11	**1,985**	–
Deferred tax assets	12	**4,338**	5,636
		31,844	25,732
Current assets			
Inventories	13	**11,456**	9,878
Trade and other receivables	14	**52,899**	46,228
Current tax debtor		**140**	644
Cash and cash equivalents	15	**41,136**	27,484
		105,631	84,234
Current liabilities			
Lease liabilities	16	**(1,630)**	–
Trade and other payables	17	**(59,209)**	(50,252)
Current tax creditor		**–**	(500)
		(60,839)	(50,752)
Net current assets		**44,792**	33,482
Non-current liabilities			
Lease liabilities	16	**(415)**	–
Retirement benefit obligations	18	**(12,305)**	(15,016)
Deferred tax liabilities	19	**(968)**	(931)
		(13,688)	(15,947)
Net assets		**62,948**	43,267
Shareholders' equity			
Share capital	22	**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves	24	**5,254**	5,427
Retained earnings		**(29,599)**	(49,453)
Total Shareholders' equity		**62,948**	43,267

The financial statements on pages 65 to 97 were approved by the Board of Directors on 3 March 2020 and were signed on its behalf by:

KEVIN LYONS-TARR
CHIEF EXECUTIVE OFFICER

DAVID SEEKINGS
CHIEF FINANCIAL OFFICER

Group Statement of Changes in Shareholders' Equity
for the 52 weeks ended 28 December 2019

	Share capital $'000	Share premium reserve $'000	Other reserves (note 24) $'000	Retained earnings Own shares $'000	Retained earnings Profit and loss $'000	Total equity $'000
Balance at 31 December 2017	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 (note 12)					69	69
Deferred tax relating to losses re post-employment obligations (note 12)					321	321
Effect of change in tax rates (note 12)					(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 (note 19)					6	6
Deferred tax relating to losses re share options (note 12)					60	60
Dividends					(32,984)	(32,984)
Balance at 29 December 2018	18,842	68,451	5,427	(1,466)	(47,987)	43,267
Adjustments arising from adoption of IFRS 16 (note 30)	–	–	–	–	(187)	(187)
Balance at 30 December 2018 after adjustments	**18,842**	**68,451**	**5,427**	**(1,466)**	**(48,174)**	**43,080**
Profit for the period					**42,717**	**42,717**
Other comprehensive income/(expense)						
Currency translation differences			**(173)**			**(173)**
Re-measurement gains on post-employment obligations					**208**	**208**
Deferred tax relating to post-employment obligations (note 12)					**(40)**	**(40)**
Deferred tax relating to losses re post-employment obligations (note 12)					**(530)**	**(530)**
Effect of change in tax rates (note 12)					**(9)**	**(9)**
Total comprehensive income			**(173)**		**42,346**	**42,173**
Proceeds from options exercised					**339**	**339**
Own shares utilised				**1,343**	**(1,343)**	**–**
Own shares purchased				**(2,906)**		**(2,906)**
Share-based payment charge					**928**	**928**
Deferred tax relating to share options (note 19)					**94**	**94**
Deferred tax relating to losses re share options (note 12)					**(101)**	**(101)**
Dividends					**(20,659)**	**(20,659)**
Balance at 28 December 2019	**18,842**	**68,451**	**5,254**	**(3,029)**	**(26,570)**	**62,948**

Group Cash Flow Statement
for the 52 weeks ended 28 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Cash generated from operations	25	**56,248**	41,651
Tax paid		**(10,318)**	(7,844)
Finance income received		**818**	250
Finance costs paid		**(67)**	(23)
Net cash generated from operating activities		**46,681**	34,034
Cash flows from investing activities			
Purchases of property, plant and equipment		**(7,673)**	(2,492)
Purchases of intangible assets		**(505)**	(395)
Proceeds from sale of property, plant and equipment		**–**	32
Net cash used in investing activities		**(8,178)**	(2,855)
Cash flows from financing activities			
Capital element of lease payments		**(1,687)**	–
Proceeds from share options exercised		**339**	1,722
Purchases of own shares		**(2,906)**	(2,187)
Dividends paid to Shareholders	8	**(20,659)**	(32,984)
Net cash used in financing activities		**(24,913)**	(33,449)
Net movement in cash and cash equivalents		**13,590**	(2,270)
Cash and cash equivalents at beginning of the period		**27,484**	30,767
Exchange gains/(losses) on cash and cash equivalents		**62**	(1,013)
Cash and cash equivalents at end of the period		**41,136**	27,484
Analysis of cash and cash equivalents			
Cash at bank and in hand	15	**41,136**	23,648
Short-term deposits	15	**–**	3,836
		41,136	27,484

Notes to the Group Financial Statements

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

The Group presents the consolidated financial statements in US dollars and 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 set out below. These policies have been consistently applied to all the periods presented, apart from those affected by the early adoption of IFRS 16 'Leases'. Under IFRS 16 there is no distinction between finance and operating leases from a lessee's perspective, with all leases, subject to options to exclude leases with a duration of 12 months or less 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 modified retrospective 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 policy change are shown in note 30.

BASIS OF PREPARATION
The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRSs") 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 that applied to the 2019 financial year, which started on 30 December 2018, except for the early adoption of IFRS 16 as noted above.

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 (see page 21). Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

BASIS OF CONSOLIDATION
The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries, as amended to conform to Group accounting policies, are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the consideration paid. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the Group's share of identifiable net assets is recorded as goodwill. Acquisition-related costs are expensed as incurred.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. In addition, comparatives are also restated to reclassify disposed businesses to show them as discontinued operations. Additionally those that meet the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' are classified as held for sale and shown as discontinued operations.

All subsidiaries have the same year end date as the Group.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS
CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies, the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

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.

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 critical accounting policies:

PENSIONS
As disclosed in note 18, 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. Sensitivities to changes in these assumptions are disclosed in note 18.

LEASES
An estimate of the residual term over which the Oshkosh office lease will be rolled over has been necessary (note 16).

OTHER ACCOUNTING POLICIES

REVENUE

The activity from which the Group derives revenue is the sale and delivery of promotional products.

The Group operates a 'drop-ship' model in which it acts as principal as it has control over the goods and services before transfer to the customer.

The price for each sale is fixed at the time of order, inclusive of any discounts given. Revenue is shown net of discounts, refunds and sales tax. Payment terms vary by customer but are either payment with order or within 30 days of delivery.

The performance obligations in the contract with the customer are satisfied upon delivery of the goods and revenue is recognised when control of the goods has transferred to the customer upon delivery.

SUPPLIER REBATES

Amounts due under rebate agreements are recognised based upon volumes of products purchased during the period to which the rebates relate at the relevant rebate rates, per supplier agreements. Amounts are credited to the cost of purchase of goods for resale and any accrued income is included in other receivables. Provision is made against such receivables to the extent it is considered that the amounts are not recoverable.

SEGMENTAL REPORTING

The reporting requirements of IFRS 8 require operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified by the Directors as the Board.

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 cost. This comprises 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. Subsequently the right-of-use asset is measured 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.

The Group has elected to use the recognition exemptions for low value assets and short-term leases are expensed to operating profit on a straight-line basis over the term of the lease.

SHARE-BASED PAYMENTS

Share options, which are all equity-settled, are measured at fair value at the date of grant allowing for any market conditions, if applicable. The fair value is charged to the income statement over the vesting period of the share option schemes on a straight-line basis. The value of the charge is adjusted each year to reflect any non-market or service conditions that impact the expected number of options that will become exercisable. All options cancelled are fully expensed to the income statement upon cancellation.

EXCEPTIONAL ITEMS

Income or costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. The Directors consider that the separate disclosure of these items assists in understanding the Group's financial performance.

TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts estimated to be paid to tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Notes to the Group Financial Statements continued

OTHER ACCOUNTING POLICIES CONTINUED

DIVIDENDS

Final equity dividends are recognised in the Group's financial statements in the period in which the dividends are approved by the Shareholders. Interim equity dividends are recognised when paid.

FOREIGN CURRENCY

The functional and presentation currency of the Company is Sterling. However, the Group's financial statements are presented in US dollars.

Transactions in currencies other than the functional currency of the Company or subsidiary concerned are recorded at the exchange rate prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the income statement.

On consolidation the balance sheets of Sterling enterprises are translated into US dollars at the exchange rate ruling at the balance sheet date and income statements are translated at average rates for the period under review. One-off material transactions are translated at the spot rate on the transaction date. The resulting exchange differences are taken to the cumulative translation differences reserve and are reported in the statement of comprehensive income.

On disposal of an operation any cumulative exchange differences held in Shareholders' equity are recycled to the income statement.

DERIVATIVE INSTRUMENTS

Derivatives are recognised initially at fair value and are re-measured at fair value at each reporting date.

The Group only uses derivative forward foreign exchange contracts to hedge highly probable cash flows that meet the qualifying criteria for hedge accounting and never for maturities more than 12 months. The fair value of the hedging derivative is classified as a current asset or liability.

The Group applies hedge accounting to these transactions designating them as cash flow hedges. The effective portion of changes in these cash flow hedges are deferred in a hedging reserve, where material, and then charged to the income statement when the forecast sale or purchase occurs or if the forecast transaction is no longer expected to occur. Any ineffective portion of the cash flow hedge is recognised immediately in the income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. No depreciation is provided on freehold land. For all other property, plant and equipment, depreciation is calculated to write-off their cost less residual value by equal annual instalments over the period of their estimated useful lives, which are reviewed on a regular basis. Leasehold assets are depreciated over the shorter of the term of the lease or their estimated useful lives.

Cost comprises the purchase price plus costs directly incurred in bringing the asset into use.

The principal useful lives currently fall within the following ranges:

Freehold and long leasehold buildings	50 years
Short leasehold buildings	Life of lease
Plant, machinery, fixtures and fittings	3–15 years
Computer hardware	3 years

Profits and losses on disposal which have arisen from over or under depreciation are accounted for in arriving at operating profit and are separately disclosed when material.

INTANGIBLE ASSETS

Acquired software licences and expenditure on developing websites and other computer systems, providing they meet the criteria for recognition under IAS 38, are capitalised, held at historic cost and amortised from the date of commissioning on a straight-line basis over their useful economic lives (currently three to five years). Amortisation is charged to operating expenses. Internal non-development costs are expensed to operating expenses as incurred.

An expense is recognised in operating expenses for catalogues and other related marketing expenses when the business has access to them.

IMPAIRMENT OF ASSETS

All property, plant and equipment and intangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' if there is an indication that the carrying value of the asset may have been impaired. Where an impairment review is required, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets. Assets are grouped at the lowest level for which there is a separately identifiable cash flow (cash generating unit). An impairment loss is recognised for the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

INVENTORIES

Inventories are valued at the lower of cost, net of provisions for slow-moving and discontinued items, and net realisable value using the first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Items in transit where the Group has control are included in inventories.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on the expected credit loss. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, which are grouped based on shared credit risk characteristics and the days past due. The amount of the provision is recognised in the income statement. Trade receivables are discounted when the time value of money is considered material.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts. Cash deposits with an original maturity in excess of three months are classified as other financial assets.

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Trade and other payables are discounted when the time value of money is considered material.

PENSIONS

The Group operates defined contribution 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 sponsors a defined benefit scheme, which is closed to new members and future accruals. The Group accounts for the defined benefit scheme under IAS 19 'Employee Benefits'. The deficit of the defined benefit pension scheme is recognised in full on the balance sheet and represents the difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date. A full actuarial valuation is carried out at least every three years and the defined benefit obligation is updated on an annual basis, by independent actuaries, using the projected unit credit method.

Pension charges recognised in the income statement consist of administration costs of the scheme, exceptional costs of risk reduction exercises incurred by the scheme, exceptional past service cost for GMP equalisation and a finance cost based on the interest on net pension scheme liabilities calculated in accordance with IAS 19.

Differences between the actual and expected return on assets, experience gains and losses and changes in actuarial assumptions are included directly in the statement of comprehensive income.

BORROWINGS

Borrowings are measured initially at fair value net of transaction costs incurred and subsequently carried at amortised costs using the effective interest rate method. Arrangement fees are amortised over the life of the borrowing. Borrowings are discounted when the time value of money is considered material.

OWN SHARES HELD BY EMPLOYEE SHARE TRUSTS

Own shares acquired, to meet future obligations under employee share options, are held in independent trusts. These are funded by the Company and purchases of shares by the trusts are charged directly to equity.

Administration expenses of the trusts are charged to the Company's income statement as incurred.

IFRS STANDARDS EFFECTIVE IN FUTURE FINANCIAL STATEMENTS

The IASB and IFRS IC have issued new or amended standards and interpretations which are effective for accounting periods as noted below. IFRS 16 'Leases' has been adopted early and the impact of this standard upon the financial statements is shown in note 30. Management does not believe the impact of adopting the new or amended standards and interpretations listed below will have a material impact on the results or net assets of the Group.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
Amendments to IFRS 9 'Financial Instruments' (effective 1 January 2019)
Annual improvements 2015-2017 (effective 1 January 2019)
Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective 1 January 2019)*
Amendments to IAS 19 'Employee Benefits' (effective 1 January 2019)*
Amendments to IFRS 3 'Business Combinations' (effective 1 January 2020)*
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective 1 January 2020)*
IFRS 17 'Insurance Contracts' (effective 1 January 2021)*

* Not yet endorsed by the EU.

Note: the current financial reporting period commenced on 30 December 2018.

Notes to the Group Financial Statements continued

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 28 December 2019, the Group has two operating segments, North America and UK & Eire. The costs of the Head office are reported separately to the Board, but this is not an operating segment.

REVENUE

	2019 $'000	2018 $'000
North America	**839,284**	714,554
UK & Eire	**21,560**	23,864
Total Group revenue	**860,844**	738,418

PROFIT

	2019 $'000	2018 $'000
North America	**57,446**	48,496
UK & Eire	**(42)**	465
Underlying* operating profit from 4imprint Direct Marketing	**57,404**	48,961
Head office costs	**(3,472)**	(3,602)
Underlying operating profit	**53,932**	45,359
Defined benefit pension scheme administration costs (note 18)	**(312)**	(316)
Exceptional items (note 4)	**–**	(721)
Operating profit	**53,620**	44,322
Net finance income (note 5)	**751**	227
Pension finance charge (note 5)	**(378)**	(403)
Profit before tax	**53,993**	44,146

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

OTHER SEGMENTAL INFORMATION

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
North America	**87,701**	72,280	**(57,790)**	(46,544)	**8,124**	2,838	**(2,255)**	(2,085)	**(1,760)**	(422)
UK & Eire	**3,886**	3,570	**(2,834)**	(2,868)	**50**	48	**(86)**	(103)	**(23)**	(23)
Head office	**45,888**	34,116	**(13,903)**	(17,287)	**4**	1	**(4)**	(12)	**(156)**	–
	137,475	109,966	**(74,527)**	(66,699)	**8,178**	2,887	**(2,345)**	(2,200)	**(1,939)**	(445)

GEOGRAPHICAL ANALYSIS OF REVENUE AND NON-CURRENT ASSETS

2019	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	**839,472**	**19,912**	**1,460**	**860,844**
Property, plant and equipment	**23,417**	**952**	**–**	**24,369**
Intangible assets	**1,099**	**53**	**–**	**1,152**
Right-of-use assets	**1,944**	**41**	**–**	**1,985**

2018	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	714,665	22,515	1,238	738,418
Property, plant and equipment	18,036	976	–	19,012
Intangible assets	1,028	56	–	1,084
Right-of-use assets	–	–	–	–

2 OPERATING EXPENSES

	Note	2019 $'000	2018 $'000
The following items have been charged/(credited) in arriving at operating profit:			
Purchase of goods for resale and consumables		**538,859**	466,351
Changes in inventories		**(1,577)**	(4,524)
Increase in stock provision	13	**–**	6
Impairment loss on trade receivables	14	**959**	347
Staff costs	3	**65,186**	57,433
Marketing expenditure (excluding staff costs)		**146,798**	123,866
Depreciation of property, plant and equipment	9	**2,345**	2,200
Amortisation of intangible assets	10	**440**	445
Amortisation of right-of-use assets		**1,499**	–
Operating lease payments		**21**	2,007
Exceptional items	4	**–**	721
Defined benefit pension scheme administration costs	18	**312**	316
Net exchange (gains)/losses		**(65)**	349
Other operating expenses		**52,447**	44,579
		807,224	694,096

Notes to the Group Financial Statements continued

2 OPERATING EXPENSES CONTINUED

During the period the Group obtained the following services from its auditors at costs as detailed below:

	2019 $'000	2018 $'000
Fees payable to the Company's auditors for the audit of the Parent Company, non-statutory audits of overseas subsidiaries and audit of consolidated financial statements	**250**	185
Fees payable to the Company's auditors and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	**19**	15
	269	200
Non-audit fees		
– IT general controls review	**13**	–
	282	200

The 4imprint defined benefit pension scheme has incurred fees from the Group's auditors of $nil (2018: $17,025) for audit services.

3 EMPLOYEES

STAFF COSTS

	Note	2019 $'000	2018 $'000
Wages and salaries		**58,238**	51,378
Social security costs		**4,419**	3,880
Pension costs – defined contribution plans	18	**1,580**	1,356
Share option charges	23	**928**	808
Social security costs in respect of share options	23	**21**	11
		65,186	57,433

AVERAGE MONTHLY NUMBER OF PEOPLE (INCLUDING EXECUTIVE DIRECTORS) EMPLOYED

	2019 Number	2018 Number
Distribution and production	**442**	368
Sales and marketing	**508**	463
Administration	**195**	181
	1,145	1,012

KEY MANAGEMENT COMPENSATION

	2019 $'000	2018 $'000
Salaries, fees and short-term employee benefits	**2,444**	2,349
Social security costs	**135**	126
Pension costs – defined contribution plans	**20**	19
Share option charges	**249**	312
Social security costs in respect of share options	**4**	4
	2,852	2,810

Key management compensation in the period comprised the emoluments of all Directors (which are disclosed separately in the Remuneration Report).

DIRECTORS' REMUNERATION

	2019 $'000	2018 $'000
Aggregate emoluments	**2,444**	2,349
Pension costs – defined contribution plans	**20**	19

4 EXCEPTIONAL ITEMS

	2019 $'000	2018 $'000
Past service costs re defined benefit pension scheme pensioner GMP equalisation	**–**	721

The past service costs in 2018 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, which has not been updated since first calculated.

5 NET FINANCE INCOME AND COST

	2019 $'000	2018 $'000
Finance income/(cost)		
Bank and other interest receivable	**818**	250
Bank interest payable	**(22)**	(23)
Lease interest charge	**(45)**	–
	751	227
Pension finance charge (note 18)	**(378)**	(403)
Net finance income/(cost)	**373**	(176)

6 TAXATION

	2019 $'000	2018 $'000
Current tax		
UK tax – current	**–**	–
Overseas tax – current	**10,845**	8,212
Overseas tax – prior periods	**(523)**	(41)
Total current tax	**10,322**	8,171
Deferred tax		
Origination and reversal of temporary differences	**954**	803
Adjustment in respect of prior periods	**–**	(22)
Total deferred tax (notes 12 and 19)	**954**	781
Taxation	**11,276**	8,952

Notes to the Group Financial Statements continued

6 TAXATION CONTINUED

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:

	2019 $'000	2018 $'000
Profit before tax	**53,993**	44,146
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**12,927**	10,452
Effects of:		
Adjustments in respect of prior periods	**(523)**	(63)
Expenses not deductible for tax purposes and non-taxable income	**14**	105
Other differences	**(91)**	(164)
Utilisation of tax losses not previously recognised	**(1,051)**	(1,378)
Taxation	**11,276**	8,952

The net deferred tax asset at 28 December 2019 has been calculated at a tax rate of 17% (2018: 19% for items reversing pre April 2020 and 17% for all other items) in respect of UK deferred tax items and 25% (2018: 21%) in respect of US deferred tax items.

The amount of current tax recognised directly in Shareholders' equity in 2019 was $nil (2018: $nil).

No current tax was recognised in other comprehensive income (2018: $nil).

The lump sum funding to the defined benefit pension scheme planned for 2020 may impact on future effective tax rates.

7 EARNINGS PER SHARE

BASIC, DILUTED AND UNDERLYING

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

	2019 $'000	2018 $'000
Profit after tax	**42,717**	35,194

	2019 $'000	2018 $'000
Profit before tax	**53,993**	44,146
Adjustments:		
Exceptional items (note 4)	**–**	721
Defined benefit pension scheme administration costs (note 18)	**312**	316
Pension finance charge (note 18)	**378**	403
Underlying profit before tax	**54,683**	45,586
Taxation (note 6)	**(11,276)**	(8,952)
Tax relating to above adjustments	**(131)**	(274)
Underlying profit after tax	**43,276**	36,360

	2019 Number '000	2018 Number '000
Basic weighted average number of shares	**28,026**	28,018
Adjustment for employee share options	**102**	88
Diluted weighted average number of shares	**28,128**	28,106

	2019 Cents	2018 Cents
Basic earnings per share	**152.42**	125.61
Diluted earnings per share	**151.87**	125.22
Underlying basic earnings per share	**154.41**	129.77
Underlying diluted basic earnings per share	**153.85**	129.37

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 59,908 (2018: 67,125).

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.

8 DIVIDENDS

Equity dividends – ordinary shares	2019 $'000	2018 $'000
Interim paid: 25.00c (2018: 20.80c)	**7,146**	5,848
Supplementary paid: nil (2018: 60.00c)	**–**	16,282
Final paid: 49.20c (2018: 40.00c)	**13,513**	10,854
	20,659	32,984

In addition, the Directors are proposing a final dividend in respect of the period ended 28 December 2019 of 59.00c (46.16p) per share, which will absorb an estimated $16.5m of Shareholders' funds. Subject to Shareholder approval at the AGM, these dividends are payable on 15 May 2020 to Shareholders who are on the register of members at close of business on 14 April 2020. These financial statements do not reflect these proposed dividends.

Notes to the Group Financial Statements continued

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 30 December 2018	13,541	15,060	1,943	30,544
Additions	4,998	2,313	362	7,673
Disposals	–	(159)	(330)	(489)
Exchange difference	26	13	1	40
At 28 December 2019	**18,565**	**17,227**	**1,976**	**37,768**
Depreciation:				
At 30 December 2018	2,099	8,022	1,411	11,532
Charge for the period	457	1,575	313	2,345
Disposals	–	(159)	(330)	(489)
Exchange difference	3	7	1	11
At 28 December 2019	**2,559**	**9,445**	**1,395**	**13,399**
Net book value at 28 December 2019	**16,006**	**7,782**	**581**	**24,369**

Freehold land with a value of $737,000 (2018: $729,000) has not been depreciated.

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 31 December 2017	13,451	13,646	1,680	28,777
Additions	142	1,978	372	2,492
Disposals	–	(527)	(105)	(632)
Exchange difference	(52)	(37)	(4)	(93)
At 29 December 2018	13,541	15,060	1,943	30,544
Depreciation:				
At 31 December 2017	1,680	7,129	1,139	9,948
Charge for the period	425	1,419	356	2,200
Disposals	–	(503)	(82)	(585)
Exchange difference	(6)	(23)	(2)	(31)
At 29 December 2018	2,099	8,022	1,411	11,532
Net book value at 29 December 2018	11,442	7,038	532	19,012

10 INTANGIBLE ASSETS

Computer software	2019 $'000	2018 $'000
Cost:		
At start of period	**2,543**	2,765
Additions	**505**	395
Disposals	**(485)**	(606)
Exchange difference	**6**	(11)
At end of period	**2,569**	2,543
Amortisation:		
At start of period	**1,459**	1,627
Charge for the period	**440**	445
Disposals	**(485)**	(606)
Exchange difference	**3**	(7)
At end of period	**1,417**	1,459
Net book value at end of period	**1,152**	1,084

The average remaining life of intangible assets is 2.6 years (2018: 2.4 years).

11 RIGHT-OF-USE ASSETS

	Leasehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Total $'000
Cost:			
At 30 December 2018	–	–	–
Adjustment arising from adoption of IFRS 16 (note 30)	1,773	83	1,856
At 30 December 2018 after adjustment	1,773	83	1,856
Addition*	1,625	–	1,625
Disposals	–	(70)	(70)
Exchange difference	7	–	7
At 28 December 2019	**3,405**	**13**	**3,418**
Depreciation:			
At 30 December 2018	–	–	–
Adjustment arising from adoption of IFRS 16 (note 30)	–	–	–
At 30 December 2018 after adjustment	–	–	–
Charge for the period	1,419	80	1,499
Disposals	–	(70)	(70)
Exchange difference	4	–	4
At 28 December 2019	**1,423**	**10**	**1,433**
Net book value at 28 December 2019	**1,982**	**3**	**1,985**

* The addition relates to the reassessment of the lease term of the Oshkosh office (see note 16).

Notes to the Group Financial Statements continued

12 DEFERRED TAX ASSETS

	2019 $'000	2018 $'000
At start of period	**5,636**	5,912
Income statement charge	**(762)**	(340)
Deferred tax (charge)/credited to other comprehensive income	**(570)**	390
Deferred tax (charge)/credited to equity	**(101)**	60
Effect of change in UK tax rate – other comprehensive income	**(9)**	(21)
Exchange difference	**144**	(365)
At end of period	**4,338**	5,636

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. No tax is expected to be payable on them in the foreseeable future.

$1.00m (2018: $0.15m) of the deferred tax asset is expected to reverse within the next twelve months.

The movement in the deferred tax asset during the period is shown in the following table:

DEFERRED TAX ANALYSIS

	Depreciation/ capital allowances $'000	Pension $'000	Losses $'000	Total $'000
At 30 December 2018	4	2,623	3,009	5,636
Income statement charge	–	(552)	(210)	(762)
Deferred tax charged to other comprehensive income	–	(40)	(530)	(570)
Deferred tax charged to equity	–	–	(101)	(101)
Effect of change in tax rates	–	(9)	–	(9)
Exchange difference	–	69	75	144
At 28 December 2019	**4**	**2,091**	**2,243**	**4,338**

	Depreciation/ capital allowances $'000	Pension $'000	Losses $'000	Total $'000
At 31 December 2017	4	3,216	2,692	5,912
Income statement (charge)/credit	2	(467)	125	(340)
Deferred tax credited to other comprehensive income	–	69	321	390
Deferred tax credited to equity	–	–	60	60
Effect of change in tax rates	–	(21)	–	(21)
Exchange difference	(2)	(174)	(189)	(365)
At 29 December 2018	4	2,623	3,009	5,636

Deferred tax assets have been recognised where it is considered that there will be sufficient taxable profit available in future against which the deductible temporary timing differences can be utilised.

Deferred tax is recognised in other comprehensive income or in equity when the items it relates to are recognised, in the same or a different period, in those categories.

No deferred tax asset has been recognised for losses carried forward in holding companies of $23.6m (2018: $21.3m). These losses have no expiry date and may be available for offset against future profits in these companies.

13 INVENTORIES

	2019 $'000	2018 $'000
Finished goods and goods for resale	**11,456**	9,878

During both the current and previous period, inventory was carried at cost less appropriate provisions. The carrying values did not exceed the fair value less cost to sell. Provisions held against inventory total $181,000 (2018: $181,000).

During the period there has been no charge in the income statement in respect of provisions for slow-moving and obsolete stock (2018: $6,000).

The amount of inventory charged to the income statement is shown in note 2.

14 TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade receivables	**30,580**	26,268
Less: Provision for impairment of trade receivables	**(966)**	(348)
Trade receivables – net	**29,614**	25,920
Other receivables	**16,638**	15,928
Prepayments	**6,647**	4,380
	52,899	46,228

Trade terms are a maximum of 30 days credit.

Due to their short-term nature the fair value of trade and other receivables does not differ from the book value.

The impairment of trade receivables charged to the income statement was $959,000 (2018: $347,000). There is no impairment of any receivables other than trade receivables.

Other receivables include rebates receivable of $16,022,000 (2018: $15,270,000).

The ageing of past due trade receivables which are not impaired, based on the customer's creditworthiness and payment history, is as follows:

Time past due date	2019 $'000	2018 $'000
Up to 3 months	**9,558**	7,851
3 to 6 months	**2,144**	1,070
Over 6 months	**520**	562
	12,222	9,483

The ageing of impaired trade receivables is as follows:

Time past due date	2019 $'000	2018 $'000
Current	**162**	60
Up to 3 months	**433**	20
3 to 6 months	**253**	121
Over 6 months	**118**	147
	966	348

Notes to the Group Financial Statements continued

14 TRADE AND OTHER RECEIVABLES CONTINUED

The trade receivables impairment provision for 2019 is calculated using the simplified approach to the expected credit loss model. The provisions made are based on the following percentages:

Age of trade receivable	Amount $'000	Provision %
Current	17,554	0.9
31–60 days	6,915	3.0
61–90 days	3,076	7.5
91–180 days	2,397	10.6
181–365 days	635	17.0
Over 365 days	3	100.00

These percentages are based on a combination of historical experience and current economic conditions.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2019 $'000	2018 $'000
Sterling	2,896	2,704
US dollars	46,930	40,599
Euros	103	96
Canadian dollars	2,970	2,829
	52,899	46,228

Movements in the provision for impairment of trade receivables are as follows:

	2019 $'000	2018 $'000
At start of period	348	194
Utilised	(341)	(193)
Provided	959	347
Exchange difference	–	–
At end of period	966	348

15 CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and in hand	41,136	23,648
Short-term deposits	–	3,836
	41,136	27,484

16 LEASES

The Group leases office space in office facilities in Oshkosh and London. The Oshkosh lease typically has a five year term whereas the London lease is a one to two year term. The Group also has some items of equipment on lease for a term of five years. In addition there are various items of machinery on short-term leases and some office equipment with low value. The Group applies the IFRS 16 exemptions for short-term and low value leases. No leases contain variable payment terms.

Details on right-of-use assets, including analysis by asset class, are shown in note 11.

LEASE LIABILITIES

	2019 $'000
Expiring within one year	**1,630**
Expiring within two to five years	**415**

The movement in lease liabilities in the period are shown below:

	2019 $'000
At start of period	**–**
Adjustment arising from the adoption of IFRS 16 (note 30)	**2,105**
	2,105
Additions	**–**
Interest charge	**45**
Lease payments	**(1,732)**
Reassessment of lease term	**1,625**
Exchange difference	**2**
At end of period	**2,045**

The amounts recognised in the income statement are as follows:

	2019 $'000
Depreciation of right-of-use assets (note 11)	**1,499**
Interest expense on lease liabilities	**45**
Short-term leases	**6**
Low value leases	**15**
	1,565

The cash outflow on leases in the period was $1,753,000.

The lease term of the Oshkosh office premises ends on 31 March 2020. An option to extend the lease for a further five years expires on the same date. The growth of the business means that additional office space will be required and management has been exploring various solutions. Further work needs to be undertaken and, once completed, a recommendation will be put to the Board for consideration. This will necessitate the business staying within the existing office space in the short-term on an agreed 'holding over' lease, as allowed in the original lease agreement. Whilst there is no fixed term for this holding over, currently a reasonable estimate of the period required before alternative space would be available for occupancy is twelve months from the date of the current lease expiry. Consequently, the lease term has been reassessed at the year end and the right-of-use asset and lease liability have been increased to reflect an additional twelve months' tenancy to 31 March 2021.

The interest rates inherent in the leases could not be ascertained, therefore, estimates have been used based upon incremental costs of borrowing for a similar term and asset. Had a 0.25% higher interest rate been used, the profit before tax would have been $5,000 lower and net assets $3,000 lower.

Notes to the Group Financial Statements continued

17 TRADE AND OTHER PAYABLES – CURRENT

	2019 $'000	2018 $'000
Trade payables	**43,668**	39,484
Other tax and social security payable	**4,159**	3,444
Other payables	**134**	122
Accruals and deferred income	**11,248**	7,202
	59,209	50,252

All trade payables have a maturity of 30 days or less from the balance sheet date.

Due to their short-term nature, the fair value of trade and other payables does not differ from the book value.

18 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:

	2019 $'000	2018 $'000
Defined contribution plans – employers' contributions (note 3)	**1,580**	1,356

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:

	2019 $'000	2018 $'000
Administration costs paid by the scheme	**312**	316
Pension finance charge	**378**	403
Exceptional items – past service costs re GMP equalisation (note 4)	**–**	721
Total defined benefit pension charge	**690**	1,440

The amounts recognised in the balance sheet comprise:

	2019 $'000	2018 $'000
Present value of funded obligations	**(36,322)**	(33,103)
Fair value of scheme assets	**24,017**	18,087
Net liability recognised in the balance sheet	**(12,305)**	(15,016)

The funds of the scheme are held in trust and administered by a corporate Trustee to meet pension liabilities for around 371 past employees of the Group. The level of retirement benefit is principally based on salary earned in the best three consecutive tax years in the ten years prior to leaving active service and is linked to changes in inflation both pre and post retirement.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The Trustee of the scheme is required to act in the best interest of the scheme's beneficiaries. The appointment of trustees is determined by the scheme's trust documentation.

The scheme typically exposes the Company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to scheme liabilities. This would detrimentally impact the balance sheet position, potentially require an increase in future cash contributions from the Company and may give rise to increased charges in future income statements. Caps on inflationary increases are in place to protect the scheme against extreme inflation. Assets are held in a diversified growth fund, designed to give lower volatility than equities, and in a liability-driven investment fund, designed to provide some hedge against movement in the liabilities due to interest rate fluctuation and inflation. The funds use derivatives to reduce risk.

An actuarial valuation was undertaken as at 30 September 2019 in accordance with the scheme funding requirements of the Pensions Act 2004. The draft actuarial valuation showed a deficit of £14.4m. A recovery plan has been agreed with the Trustee under which the Company commits to a revised schedule of contributions. The recovery plan period is five years and under the plan a lump sum of £7.5m is payable in May 2020 and ongoing contributions of £2.46m per annum are payable by the Company. These contributions commence on 1 July 2020, and increase by 3% annually. In addition, an annual allowance of £0.30m, rising by 3% annually, is payable towards costs of administration of the scheme.

For the purposes of IAS 19, numbers from the draft actuarial valuation as at 30 September 2019, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 28 December 2019. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

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 31 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)
Administration costs paid by the scheme	**(312)**	**–**	**(312)**
Interest (expense)/income	**(919)**	**541**	**(378)**
Return on scheme assets (excluding interest income)	**–**	**2,372**	**2,372**
Re-measurement gains due to changes in scheme experience	**1,425**	**–**	**1,425**
Re-measurement gains due to changes in demographic assumptions	**1,429**	**–**	**1,429**
Re-measurement losses due to changes in financial assumptions	**(5,018)**	**–**	**(5,018)**
Contributions by employer	**–**	**3,593**	**3,593**
Benefits paid	**1,288**	**(1,288)**	**–**
Exchange (loss)/gain	**(1,112)**	**712**	**(400)**
Balance at 28 December 2019	**(36,322)**	**24,017**	**(12,305)**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019		2018	
	$'000	**%**	$'000	%
Diversified growth fund	**13,443**	**56.0**	6,548	36.2
Liability-driven investments	**10,442**	**43.5**	10,658	58.9
Cash	**132**	**0.5**	881	4.9

The scheme holds no 4imprint Group plc shares or any property occupied by the Group.

It is the policy of the Trustee and the Company to review the investment strategy from time to time and at the time of each funding valuation. The Trustee investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

Notes to the Group Financial Statements continued

18 EMPLOYEE PENSION SCHEMES CONTINUED

The assets are held in: (i) a quoted diversified growth fund, investing in equities, bonds, property, hedge funds, private equity, commodities, currency and cash, designed to give long-term total returns with lower volatility than equities; and (ii) a liability-driven investment fund designed to provide some hedge against movements in the liabilities due to interest rate fluctuation and inflation. This fund invests in a growth fund, which uses traditional assets, such as equities and bonds, and investment strategies based on advanced derivative techniques such as directional strategies and relative value strategies; a hedge portfolio, investing in a range of instruments that provide similar interest rate and inflation sensitivities to the scheme; and cash.

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

	2019	2018
Rate of increase in pensions in payment	**2.90%**	3.10%
Rate of increase in deferred pensions	**2.15%**	2.10%
Discount rate	**1.95%**	2.80%
Inflation assumption – RPI	**2.95%**	3.20%
– CPI	**2.15%**	2.10%

The mortality assumptions adopted at 28 December 2019 reflect the most recent version of the tables used in the draft September 2019 triennial valuation. The assumptions imply the following life expectancies at age 65:

	2019	2018
Male currently age 40	**22.3 yrs**	23.4 yrs
Female currently age 40	**24.1 yrs**	25.3 yrs
Male currently age 65	**21.3 yrs**	21.9 yrs
Female currently age 65	**23.0 yrs**	23.8 yrs

The sensitivities on the key actuarial assumptions at the end of the period were:

	Change in assumption	Change in defined benefit obligation
Discount rate	Decrease of 0.25%	4.2%
Rate of inflation	Increase of 0.25%	2.0%
Rate of mortality	Increase in life expectancy of one year	3.9%

The sensitivities shown above are approximate. Each sensitivity considers each change in isolation and is calculated using the same methodology as used for the calculation of the defined benefit obligation at the end of the period. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. In practice it is unlikely that the changes would occur in isolation.

The weighted average duration of the defined benefit obligation at 28 December 2019 is 20 years.

19 DEFERRED TAX LIABILITIES

	2019 $'000	2018 $'000
At start of period	**931**	763
Adjustment arising from the adoption of IFRS 16 (note 30)	**(62)**	(265)
	869	498
Charged to the income statement	**192**	463
Prior period adjustment	**–**	(22)
Deferred tax credited to equity	**(94)**	(6)
Exchange difference	**1**	(2)
At end of period	**968**	931

The movements in the net deferred tax liability (subject to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period, are shown in the following table. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

DEFERRED TAX ANALYSIS

	Depreciation/ capital allowances $'000	Other $'000	Total $'000
At 29 December 2018	1,730	(799)	931
Adjustment arising from the adoption of IFRS 16 (note 30)	–	(62)	(62)
At 30 December 2018 after adjustment	1,730	(861)	869
Income statement charge/(credit)	440	(248)	192
Deferred tax credited to equity	–	(94)	(94)
Exchange difference	1	–	1
At 28 December 2019	**2,171**	**(1,203)**	**968**

Included in the table above are deferred tax assets in respect of timing differences and future deductions relating to conditional share awards for US employees of which $136,000 (2018: $139,000) is expected to reverse within the next twelve months.

	Depreciation/ capital allowances $'000	Other $'000	Total $'000
At 30 December 2017	1,452	(689)	763
Adjustment for changes in accounting policies	–	(265)	(265)
At 31 December 2017 after adjustment	1,452	(954)	498
Income statement debit	283	180	463
Prior period adjustment	(3)	(19)	(22)
Deferred tax credited to equity	–	(6)	(6)
Exchange difference	(2)	–	(2)
At 29 December 2018	1,730	(799)	931

20 BORROWINGS

The Group had no drawdown on its borrowing facilities at 28 December 2019 (29 December 2018: no drawdown).

The Group had the following undrawn committed borrowing facilities available at 28 December 2019:

	Floating rate	
Borrowing facilities	**2019 $'000**	2018 $'000
Expiring within one year	**1,309**	1,769
Expiring in more than one year	**20,000**	20,000

Facilities comprised an unsecured US$20.0m line of credit for 4imprint, Inc., which expires on 31 May 2021 and an unsecured UK overdraft facility of £1.0m for the Company, which expires on 31 December 2020.

Notes to the Group Financial Statements continued

21 FINANCIAL RISK MANAGEMENT
The Group's activities expose it to a variety of financial risks including currency risk, credit risk, liquidity risk and capital risk.

CURRENCY RISK
The Group operates internationally and is exposed to various currency movements. Risk arises predominantly from the remittance of overseas earnings in US dollars. In addition, Group subsidiaries may make both sales and purchases in a currency other than their functional currency and have foreign currency trade receivables and trade payables in relation to these transactions.

The Group uses derivative financial instruments to partly hedge foreign currency cash flows arising from sales and purchases of goods, as well as remittances from its overseas subsidiaries. The Group does not hedge the currency exposure of profits and assets of its overseas subsidiaries or other financial transactions.

At 28 December 2019 the Group had no forward currency contracts outstanding (2018: none).

The movement in the exchange rates compared to prior period decreased profit after tax by $0.22m and decreased net assets by $0.01m. Closing rate was US$1.31 (2018: US$1.27) and the average rate used to translate profits was US$1.28 (2018: US$1.34).

A strengthening in the Sterling exchange rate by 10% (the approximate range of movement of the exchange rate during the year) would reduce profit in the period by $0.54m and net assets at period end by $0.03m.

CREDIT RISK
Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to trade receivable balances due from customers.

The risk associated with banks and financial institutions is managed on a Group basis and all banking relationships must be approved by the Chief Financial Officer or the Board based on the credit rating of the bank.

The Group holds cash balances on deposit with its principal US and UK banks.

FINANCIAL INSTRUMENTS
The table below sets out the Group's financial instruments by category:

	2019 $'000	2018 $'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments) (note 14)	**46,252**	41,848
Cash and cash equivalents (note 15)	**41,136**	27,484
Financial liabilities at amortised cost		
Trade and other payables (excluding non-financial liabilities) (note 17)	**(59,209)**	(50,252)

Lease liabilities	**2019 $'000**	2018 $'000
Expiring within one year	**1,630**	–
Expiring within two to five years	**415**	–

All trade receivables and payables have contracted maturities of 30 days or less from the balance sheet dates. All other receivables and payables are due/payable within one year.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Cash was held with the following banks at the period end:

	2019 Rating	**2019 Deposit $'000**	2018 Rating	2018 Deposit $'000
Lloyds Bank plc	**Aa2**	**6,096**	Aa2	6,081
JPMorgan Chase Bank, N.A.	**Aa1**	**35,031**	Aa1	21,397
Other		**9**		6
		41,136		27,484

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Credit risk arising from customers is delegated to the senior management of each business to a maximum level per customer above which it is referred to the Chief Financial Officer for approval. External credit agency assessment reports are referred to as part of this process.

LIQUIDITY RISK

Group borrowing requirements are managed centrally and the majority of borrowing arrangements are currently with the Group's principal US bank and terms are agreed which are considered appropriate for the funding requirement of the Group at that time.

Operating working capital is managed to levels agreed with the Group and cash forecasts are reviewed regularly by management.

The Group monitors its levels of cash and indebtedness to ensure adequate liquid funds are available to meet the foreseeable requirements of the Group. The Group does not actively monitor a gearing ratio but seeks to maintain an appropriate level of financial flexibility. Details of borrowing facilities are given in note 20 and lease liabilities in note 16.

At 28 December 2019 the cash position (note 15) of the Group was $41.14m (2018: $27.48m).

CAPITAL RISK MANAGEMENT

The objective for managing cash, debt and equity capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for Shareholders and benefits for other stakeholders.

The policy for capital allocation is shown on page 20.

In 2019 the Company has provided returns to Shareholders in the form of dividends, details of which are included in note 8. Shares were purchased by an employee benefit trust, to cover the SAYE options maturing over the next three years.

22 SHARE CAPITAL

	2019 $'000	2018 $'000
Issued and fully paid		
28,085,530 (2018: 28,085,530) ordinary shares of 38 $^{6}/_{13}$p each	**18,842**	18,842

All shares have the same rights.

The Company issued no ordinary shares in the period (2018: none). Share option exercises were satisfied by transfer of shares from an employee benefit trust.

At 28 December 2019 the following options have been granted and were outstanding under the Company's share option schemes:

Scheme	Date of grant	**Number of ordinary shares 2019**	**Number of option holders 2019**	Number of ordinary shares 2018	Subscription price	Date exercisable From	Date exercisable To
US ESPP	26/09/18	**102,222**	**514**	107,454	$22.16	Dec 2020	Dec 2020
UK SAYE	11/05/16	**–**	**–**	25,912	£10.22	July 2019	Dec 2019
UK SAYE	25/09/19	**17,873**	**40**	–	£22.70	Nov 2022	Apr 2023
2015 Incentive Plan	30/03/16	**–**	**–**	24,027	nil	Mar 2019	Mar 2026
2015 Incentive Plan	30/03/17	**14,907**	**8**	14,907	nil	Mar 2020	Mar 2027
2015 Incentive Plan	15/04/18	**16,547**	**8**	16,547	nil	Apr 2021	Apr 2028
2015 Incentive Plan	30/03/19	**39,285**	**9**	–	nil	Mar 2022	Mar 2029
Total		**190,834**		188,847			

The weighted average exercise price for options outstanding at 28 December 2019 was £11.19 (2018: £11.34).

Details of share schemes are disclosed in note 23.

2015 INCENTIVE PLAN

Under the 2015 Incentive Plan 50% of the annual bonus of the Chief Executive Officer, Chief Financial Officer and seven senior managers will be deferred into shares as awards of nil cost options or conditional shares, based on the share price at 31 December of the relevant year. The awards will be made in a 42 day period following the announcement of the Group's full year results and the options will normally not be exercisable until at least three years from the date of the award, conditional upon the person still being in the employment of a Group company. The awards to Executive Directors, from 4 March 2019, will not be exercisable until five years from the date of the award. It is expected that 21,632 options or conditional shares, with a total fair value of $986,000, will be awarded in respect of the 2019 bonus.

Notes to the Group Financial Statements continued

23 SHARE-BASED PAYMENTS

Share options may be granted to senior management and, in addition, SAYE or equivalent schemes exist for all UK and US employees. The exercise price for SAYE options is equal to the market rate, less any discount up to the limit imposed by the local tax authority at the pricing date.

The fair value of the options is determined using the Black-Scholes model for SAYE and ESPP and is spread over the vesting period of the options. The significant inputs into the model are: an expected life of between 2.2 and 3.0 years for the ESPP and SAYE options; the volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last five years; and the risk-free rate is based on zero coupon government bond yields.

	2019 $'000	2018 $'000
Charge resulting from spreading the fair value of options	928	808
Social security costs in respect of share options	21	11
Total	**949**	819

The fair value per option granted and the assumptions used in the calculation are as follows:

	US ESPP scheme	UK SAYE scheme	UK SAYE scheme
Grant date	26/09/18	25/09/19	11/05/16
Share price at grant date	£20.00	£29.90	£13.61
Exercise price	$22.16	£22.70	£10.22
Number of employees	514	40	–
Shares under option	102,222	17,873	–
Vesting period (years)	2.2	3.0	3.0
Expected volatility	30%	30%	30%
Option life (years)	2.2	3.5	3.5
Expected life (years)	2.2	3.0	3.0
Risk-free rate	0.85%	0.36%	0.53%
Expected dividends expressed as a dividend yield	2.0%	2.0%	2.0%
Possibility of ceasing employment before vesting	5%	5%	5%
Expectations of meeting performance criteria	100%	100%	100%
Fair value per option	£4.62	£8.09	£4.03

In respect of the 2015 Incentive Plan the fair value of the awards of options or conditional shares made in 2016, 2017, 2018 and 2019 are based on the share price at 31 December 2015, 31 December 2016, 31 December 2017 and 31 December 2018, respectively. The option life is from the date of first notification of the Plan at the end of March 2015 until exercise in March 2019 for the 2016 awards and 4.25 years from the start of the financial year to which the awards relate for subsequent awards. The fair value of the expected awards of 21,632 options or conditional shares in respect of 2019 is based on the share price at 31 December 2019.

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ADDITIONAL INFORMATION

A reconciliation of option movements over the period to 28 December 2019 is shown below:

	2019 Number of shares	2019 Weighted average exercise price (£)	2018 Number of shares	2018 Weighted average exercise price (£)
Outstanding at start of period	**188,847**	**11.34**	173,411	9.15
Granted	**57,158**	**7.10**	125,414	14.59
Forfeited/cancelled	**(5,038)**	**17.36**	(5,564)	12.91
Exercised	**(50,133)**	**5.35**	(104,414)	12.68
Outstanding at end of period	**190,834**	**11.19**	188,847	11.34
Exercisable at end of period	**–**	**–**	–	–

	2019				2018			
	Weighted average exercise price	Number of shares	Weighted average remaining life (years)		Weighted average exercise price	Number of shares	Weighted average remaining life (years)	
Range of exercise prices			Expected	Contractual			Expected	Contractual
Nil	**0.00**	**70,739**	**1.43**	**1.43 to 2.39**	0.00	55,481	0.2 to 2.3	0.2 to 9.3
£10–11	**–**	**–**	**–**	**–**	£10.22	25,912	0.5	1.0
£16–17	**$22.16**	**102,222**	**0.94**	**0.94**	–	–	–	–
£17–18	**–**	**–**	**–**	**–**	$22.16	107,454	1.93	1.93
£22–23	**£22.70**	**17,873**	**2.85**	**3.35**	–	–	–	–

24 OTHER RESERVES

	Capital redemption reserve $'000	Cumulative translation differences $'000	Total $'000
Balance at 31 December 2017	369	5,492	5,861
Currency translation differences	–	(434)	(434)
Balance at 29 December 2018	369	5,058	5,427
Currency translation differences	**–**	**(173)**	**(173)**
Balance at 28 December 2019	**369**	**4,885**	**5,254**

The capital redemption reserve arose on the redemption of preference shares in 2000. The currency translation difference represents the accumulated exchange movements on non-US dollar functional currency subsidiaries from 29 December 2003 (transition date to IFRS) to the balance sheet date.

Notes to the Group Financial Statements continued

25 CASH GENERATED FROM OPERATIONS

	2019 $'000	2018 $'000
Operating profit	**53,620**	44,322
Adjustments for:		
Depreciation charge	**2,345**	2,200
Amortisation of intangibles	**440**	445
Amortisation of right-of-use assets	**1,499**	–
Loss on disposal of property, plant and equipment	**–**	7
Exceptional non-cash items	**–**	721
Decrease in exceptional accrual	**–**	(52)
Share option charges	**928**	808
Defined benefit pension administration charge	**312**	316
Contributions to defined benefit pension scheme	**(3,593)**	(3,932)
Changes in working capital:		
Increase in inventories	**(1,577)**	(2,266)
Increase in trade and other receivables	**(6,579)**	(2,422)
Increase in trade and other payables	**8,853**	1,504
Cash generated from operations	**56,248**	41,651

26 CONTINGENT LIABILITIES
The Group has no known contingent liabilities (2018: none).

27 CAPITAL COMMITMENTS
The Group had capital commitments contracted for but not provided for in the financial statements at 28 December 2019 for property, plant and equipment of $1.4m (2018: $nil).

28 RELATED PARTY TRANSACTIONS
The Group did not participate in any related party transactions.

Key management compensation is disclosed in note 3.

29 POST BALANCE SHEET EVENTS
A recovery plan has been agreed with the Trustee under which the Company commits to a revised schedule of contributions. The recovery plan period is five years and under the plan a lump sum of £7.5m is payable in May 2020 and ongoing contributions of £2.46m per annum are payable by the Company. These contributions commence on 1 July 2020. This amount rises annually by 3%. In addition, an annual allowance of £0.30m, rising by 3% annually, is payable towards costs of administration of the scheme.

We are closely monitoring the situation with regard to COVID-19, the novel coronavirus. Impact on the business has so far been minimal, reflecting the timing of the inventory cycle of our domestic suppliers. However, the situation is very fluid and if production restrictions in China persist, the potential for disruption of our supply chain increases. Should this virus become a global pandemic, the potential effect on the business would expand beyond the supply chain. More detail is provided in the Chief Executive's Review on page 7.

30 IMPACT OF NEW ACCOUNTING STANDARDS

On transition to IFRS 16 the modified retrospective option was selected, with no restatement of prior periods so prior year numbers are not directly comparable. In addition, the exemptions for low value assets and leases with a duration of 12 months or less 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 used 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 $'000	Opening IFRS 16 adjustment $'000	Opening 30 Dec 2018 revised $'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

Notes to the Group Financial Statements continued

30 IMPACT OF NEW ACCOUNTING STANDARDS CONTINUED

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

The impact on the current year is as follows:

Balance sheet at 28 December 2019	Before adjustment $'000	IFRS 16 adjustment $'000	**As reported $'000**
Non-current assets			
Property, plant and equipment	24,369	–	**24,369**
Right-of-use assets	–	1,985	**1,985**
Intangible assets	1,152	–	**1,152**
Deferred tax assets	4,338	–	**4,338**
	29,859	1,985	**31,844**
Current assets			
Inventories	11,456	–	**11,456**
Trade and other receivables	52,899	–	**52,899**
Current tax debtor	140	–	**140**
Cash and cash equivalents	41,136	–	**41,136**
	105,631	–	**105,631**
Current liabilities			
Lease liabilities	–	(1,630)	**(1,630)**
Trade and other payables	(59,209)	–	**(59,209)**
	(59,209)	(1,630)	**(60,839)**
Net current assets	46,422	(1,630)	**44,792**
Non-current liabilities			
Lease liabilities	–	(415)	**(415)**
Retirement benefit obligations	(12,305)	–	**(12,305)**
Deferred tax liability	(983)	15	**(968)**
	(13,288)	(400)	**(13,688)**
Net assets	62,993	(45)	**62,948**

Income statement for the 52 weeks ended 28 December 2019	Before adjustment $'000	IFRS 16 adjustment $'000	As reported $'000
Revenue	860,844	–	**860,844**
Operating expenses	(807,456)	232	**(807,224)**
Operating profit	53,388	232	**53,620**
Finance income	818	–	**818**
Finance costs	(22)	(45)	**(67)**
Pension finance charge	(378)	–	**(378)**
Net finance income	418	(45)	**373**
Profit before tax	53,806	187	**53,993**
Taxation	(11,229)	(47)	**(11,276)**
Profit for the period	42,577	140	**42,717**

	Cents		Cents
Earnings per share			
Basic	151.92		**152.42**
Diluted	151.37		**151.87**

CASH FLOW STATEMENT

There is no net impact upon the net movement of cash and cash equivalent. However, in 2019, cash generated from operations increased by $1,732,000, offset by an increase in outflow on finance costs paid, within operating activities, of $45,000 and capital elements of lease payments, within financing activities, of $1,687,000.

Company Balance Sheet
at 28 December 2019

	Note	**2019 £'000**	2018 £'000
Non-current assets			
Property, plant and equipment	A	**3**	3
Right-of-use asset	B	**31**	–
Investments	C	**104,738**	104,182
Deferred tax assets	D	**3,313**	4,442
Other receivables	E	**248,107**	252,018
		356,192	360,645
Current assets			
Other receivables	E	**373**	462
Cash and cash equivalents		**3,848**	4,083
		4,221	4,545
Current liabilities			
Lease liabilities	F	**(31)**	–
Other payables	G	**(1,059)**	(1,617)
		(1,090)	(1,617)
Net current assets		**3,131**	2,928
Non-current liabilities			
Retirement benefit obligations	J	**(9,397)**	(11,834)
Amounts due to subsidiary companies	K	**(122,193)**	(126,103)
		(131,590)	(137,937)
Net assets		**227,733**	225,636
Shareholders' equity			
Share capital	M	**10,802**	10,802
Share premium reserve		**38,575**	38,575
Capital redemption reserve		**208**	208
Retained earnings*	N	**178,148**	176,051
Total equity		**227,733**	225,636

***COMPANY'S INCOME STATEMENT.**
Under Section 408 of the Companies Act 2006 an income statement for the Company is not presented. Profit after tax and before external dividends payable for the period, of £19,959,000 (2018: £26,446,000) is included in retained earnings of the Company.

The financial statements on pages 98 to 108 were approved by the Board of Directors on 3 March 2020 and were signed on its behalf by:

KEVIN LYONS-TARR
CHIEF EXECUTIVE OFFICER

DAVID SEEKINGS
CHIEF FINANCIAL OFFICER

Statement of Changes in Company Shareholders' Equity
for the 52 weeks ended 28 December 2019

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Retained earnings Own shares £'000	Retained earnings Profit and loss £'000	Total equity £'000
Balance at 31 December 2017	10,802	38,575	208	(1,315)	175,168	223,438
Profit for the period					26,446	26,446
Other comprehensive income/(expense)						
Re-measurement loss on post-employment obligations					(276)	(276)
Deferred tax relating to post-employment obligations					52	52
Deferred tax relating to losses					240	240
Effect of change in UK tax rate					(16)	(16)
Total comprehensive income					26,446	26,446
Proceeds from options exercised					1,322	1,322
Own shares purchased				(1,623)		(1,623)
Own shares utilised				1,880	(1,880)	–
Share-based payment charge					605	605
Deferred tax relating to losses					45	45
Dividends					(24,597)	(24,597)
Balance at 29 December 2018	10,802	38,575	208	(1,058)	177,109	225,636
Adjustments arising from adoption of IFRS 16 (note R)					(2)	(2)
Balance at 30 December 2018 after adjustments	**10,802**	**38,575**	**208**	**(1,058)**	**177,107**	**225,634**
Profit for the period					**19,959**	**19,959**
Other comprehensive income/(expense)						
Re-measurement gain on post-employment obligations					**163**	**163**
Deferred tax relating to post-employment obligations					**(31)**	**(31)**
Deferred tax relating to losses					**(415)**	**(415)**
Effect of change in UK tax rate					**(7)**	**(7)**
Total comprehensive income					**19,669**	**19,669**
Proceeds from options exercised					**268**	**268**
Own shares purchased				**(2,273)**		**(2,273)**
Own shares utilised				**1,055**	**(1,055)**	**–**
Share-based payment charge					**172**	**172**
Capital instrument granted to subsidiary					**556**	**556**
Deferred tax relating to losses					**(79)**	**(79)**
Dividends					**(16,214)**	**(16,214)**
Balance at 28 December 2019	**10,802**	**38,575**	**208**	**(2,276)**	**180,424**	**227,733**

Company Cash Flow Statement

for the 52 weeks ended 28 December 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash used in operations	L	**(4,747)**	(4,051)
Tax paid		**–**	–
Finance income		**20,272**	19,832
Finance costs (including lease interest paid)		**(10,117)**	(9,772)
Net cash generated from operating activities		**5,408**	6,009
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3)**	(1)
Net cash used in investing activities		**(3)**	(1)
Cash flows from financing activities			
Capital element of lease payments		**(124)**	–
Proceeds from share options exercised		**268**	1,322
Own shares purchased		**(2,273)**	(1,623)
Dividends received		**12,703**	19,960
Dividends paid to Shareholders		**(16,214)**	(24,597)
Net cash used in financing activities		**(5,640)**	(4,938)
Net movement in cash and cash equivalents		**(235)**	1,070
Cash and cash equivalents at beginning of the period		**4,083**	3,013
Cash and cash equivalents at end of the period		**3,848**	4,083

Analysis of cash and cash equivalents		
Cash at bank and in hand	**3,848**	1,060
Short-term deposits	**–**	3,023
	3,848	4,083

Notes to the Company's Financial Statements

GENERAL INFORMATION

4imprint Group plc, registered number 177991, is a public limited company incorporated in England and Wales, domiciled in the UK and listed on the London Stock Exchange. Its registered office is 25 Southampton Buildings, London WC2A 1AL. The Company's financial statements are presented in Sterling. Numbers are shown in pounds thousands.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with IFRS 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 that applied to the 2019 financial year, which started on 30 December 2019, except for the early adoption of IFRS 16 'Leases'.

After making enquiries, the Directors have reasonable expectations that the Company has adequate resources to continue to operate for a period of not less than twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

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 18, the Company 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. Sensitivities to changes in these assumptions are disclosed in note 18.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are the same as those adopted in the consolidated financial statements on pages 71 to 73 except for the investments and intercompany loans policies noted below. These policies have been consistently applied to all the periods presented, apart from those impacted by the implementation of IFRS 16 'Leases' (see the accounting policies note on page 70). Accounting standards effective for the first time in the period have had no impact on the Company's financial statements.

INVESTMENTS

Investments in subsidiaries are stated at cost. Impairment reviews are carried out if there is some indication that the carrying value of the investments may have been impaired. Where, in the opinion of the Directors, an impairment of the investment has arisen, provisions are made in accordance with IAS 36 'Impairment of Assets'.

AMOUNTS OWED BY SUBSIDIARY UNDERTAKINGS

Amounts owed by subsidiary undertakings are assessed for expected credit losses on a general basis under IFRS 9 'Financial Instruments'. Where required, the Company recognises a provision on this basis reflecting either the lifetime or 12-month expected credit loss dependent on the change in credit risk since initial recognition of the financial asset. The amount of the provision is recognised in the income statement. Amounts owed by subsidiary undertakings are discounted when the time value of money is considered material.

Notes to the Company's Financial Statements continued

A. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £'000
Cost:	
At 31 December 2017	275
Additions	1
Disposals	(216)
At 29 December 2018	60
Additions	3
Disposals	(15)
At 28 December 2019	**48**
Depreciation:	
At 31 December 2017	258
Charge for the period	9
Disposals	(210)
At 29 December 2018	57
Charge for the period	3
Disposals	(15)
At 28 December 2019	**45**
Net book value at 28 December 2019	**3**
Net book value at 29 December 2018	3

B. RIGHT-OF-USE ASSETS

	Leasehold land and buildings £'000
Cost:	
At 30 December 2018	–
Adjustments arising from adoption of IFRS 16 (note R)	153
At 30 December 2018 after adjustment	153
At 28 December 2019	**153**
Depreciation:	
At 30 December 2018	–
Adjustments arising from adoption of IFRS 16 (note R)	–
At 30 December 2018 after adjustment	–
Charge for the period	122
At 28 December 2019	**122**
Net book value at 28 December 2019	**31**

C. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost:	
At 29 December 2018	**104,182**
Capital contribution to subsidiary undertaking	**556**
At 28 December 2019	**104,738**

The capital contribution represents IFRS 2 'Share-based Payments' charges in respect of US subsidiaries which will not be recharged until the options vest.

SUBSIDIARY UNDERTAKINGS

The subsidiaries at 28 December 2019 are set out below. All of these subsidiaries are wholly owned and have ordinary share capital only, apart from 4imprint USA Limited and 4imprint US Group Inc., which also have preference shares.

Company	Country of incorporation and operation	Business
4imprint, Inc.	USA	Promotional products
4imprint Direct Limited	England	Promotional products
4imprint UK Holdings Limited	England	Holding company
4imprint USA Limited	England	Holding company
4imprint North America Limited	England	Holding company
4imprint US Group Inc.	USA	Holding company
4imprint Limited	England	Dormant
Cavendish Place Newco No.1 Limited	England	Dormant
4imprint Pension Trustee Company Limited	England	Dormant
4imprint 2016 Pension Trustee Company Limited	England	Dormant

The dormant companies are exempt from statutory audit. There is no requirement, in the USA, for statutory audits of the US subsidiaries.

The registered address of all subsidiaries registered in England is 25 Southampton Buildings, London WC2A 1AL. The registered address of 4imprint, Inc. is 101 Commerce Street, Oshkosh, WI 54901, USA and of 4imprint US Group Inc. is 103 Foulk Road, Suite 202, Wilmington, DE 19803, USA.

Notes to the Company's Financial Statements continued

D. DEFERRED TAX ASSETS

	2019 £'000	2018 £'000
At start of period	**4,442**	4,376
Income statement debit	**(597)**	(255)
Deferred tax (debited)/credited to other comprehensive income	**(453)**	276
Deferred tax (debited)/credited to equity	**(79)**	45
At end of period	**3,313**	4,442

DEFERRED TAX ANALYSIS	Pension £'000	ACA £'000	Losses £'000	Total £'000
At 30 December 2018	2,067	3	2,372	4,442
Income statement charge	(432)	–	(165)	(597)
Deferred tax debited to other comprehensive income	(38)	–	(415)	(453)
Deferred tax debited to equity	–	–	(79)	(79)
At 28 December 2019	**1,597**	**3**	**1,713**	**3,313**

	Pension £'000	ACA £'000	Losses £'000	Total £'000
At 31 December 2017	2,381	2	1,993	4,376
Income statement (charge)/credit	(350)	1	94	(255)
Deferred tax credited/(debited) to other comprehensive income	36	–	240	276
Deferred tax credited to equity	–	–	45	45
At 29 December 2018	2,067	3	2,372	4,442

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

	2019 £'000	2018 £'000
Tax relating to post-employment obligations	**(31)**	52
Effect of change in UK tax rate	**(7)**	(16)
Tax relating to losses	**(415)**	240
	(453)	276

E. OTHER RECEIVABLES

	2019 £'000	2018 £'000
Amounts due from subsidiary companies	**248,287**	252,254
Other receivables	**140**	171
Prepayments and accrued income	**53**	55
	248,480	252,480
Less non-current portion: Amounts due from subsidiary companies	**(248,107)**	(252,018)
	373	462

Current amounts due from subsidiary companies are repayable on demand. The amounts are not interest-bearing. Non-current amounts due from subsidiary companies are due in two to five years. All amounts are interest-bearing at market rates of interest.

There is expected to be no credit losses in respect of these receivables.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2019 £'000	2018 £'000
Sterling	**126,213**	126,362
US dollars	**122,267**	126,118
	248,480	252,480

F. LEASES

The Company leases office space in a serviced office facility in London. The lease typically has a one to two year term. In addition, there is some office equipment of low value. The Company applies the IFRS 16 exemptions for short-term and low value leases. No leases contain variable payment terms.

Details on right-of-use assets are shown in note B.

LEASE LIABILITIES	2019 £'000
Expiring within one year	**31**

The movement in lease liabilities in the period are shown below:

	2019 £'000
At start of period	**–**
Adjustments arising from adoption of IFRS 16 (note R)	**155**
	155
Interest charge	**2**
Lease payments	**(126)**
At end of period	**31**

The amounts recognised in the income statement are as follows:

	2019 £'000
Depreciation of right-of-use assets (note B)	**122**
Interest expense on lease liabilities	**2**
Low value leases	**5**
	129

The cash outflow on leases in the period was £131,000.

G. OTHER PAYABLES – CURRENT

	2019 £'000	2018 £'000
Other payables	**92**	89
Other tax and social security	**37**	32
Amounts due to subsidiary companies	**590**	1,050
Accruals	**340**	446
	1,059	1,617

The amounts due to subsidiary companies are not interest-bearing and are repayable on demand.

Notes to the Company's Financial Statements continued

H. PROVISIONS

	2019 £'000	2018 £'000
At start of period	–	108
Utilised	–	(30)
Released	–	(78)
At end of period	–	–

The provisions related to dilapidation costs in respect of a property leased by the Company. The lease expired in 2018 and was not renewed.

J. RETIREMENT BENEFIT OBLIGATIONS

The amount recognised in the balance sheet represents the net liability in respect of the closed defined benefit pension scheme. Full details of the defined benefit scheme are contained in note 18 on pages 86 to 88.

The Sterling analysis of the balance sheet amount is as follows:

	2019 £'000	2018 £'000
Present value of funded obligations	**(27,740)**	(26,090)
Fair value of scheme assets	**18,343**	14,256
Net obligations recognised in the balance sheet	**(9,397)**	(11,834)

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 31 December 2017	(27,194)	13,792	(13,402)
Administration costs paid by the scheme	(237)	–	(237)
Exceptional items – past service costs re GMP equalisation	(562)	–	(562)
Interest (expense)/income	(666)	364	(302)
Return on scheme assets (excluding interest income)	–	(1,461)	(1,461)
Re-measurement gain due to changes in financial assumptions	1,185	–	1,185
Contributions by employer	–	2,945	2,945
Benefits paid	1,384	(1,384)	–
Balance at 29 December 2018	(26,090)	14,256	(11,834)
Administration costs paid by the scheme	**(244)**	**–**	**(244)**
Interest (expense)/income	**(720)**	**424**	**(296)**
Return on scheme assets (excluding interest income)	**–**	**1,858**	**1,858**
Re-measurement gains due to changes in scheme experience	**1,116**	**–**	**1,116**
Re-measurement gains due to changes in demographic assumptions	**1,119**	**–**	**1,119**
Re-measurement loss due to changes in financial assumptions	**(3,930)**	**–**	**(3,930)**
Contributions by employer	**–**	**2,814**	**2,814**
Benefits paid	**1,009**	**(1,009)**	**–**
Balance at 28 December 2019	**(27,740)**	**18,343**	**(9,397)**

K. AMOUNTS DUE TO SUBSIDIARY COMPANIES – NON-CURRENT

The amounts due to subsidiary companies of £122,193,000 (2018: £126,103,000) are due in two to five years. The loans are interest-bearing at market rates of interest, ranging from 8.0% to 8.2%

L. CASH USED IN OPERATIONS

	2019 £'000	2018 £'000
Operating loss	**(2,004)**	(3,017)
Adjustments for:		
Depreciation charge	**3**	9
Amortisation of right-of-use assets	**122**	–
Exceptional non-cash items	**–**	562
Decrease in exceptional accrual	**–**	(39)
Share option charges	**172**	605
Defined benefit pension administration charge	**244**	237
Contributions to defined benefit pension scheme	**(2,814)**	(2,945)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**32**	(54)
(Decrease)/increase in trade and other payables	**(98)**	75
Movements in amounts due to/from subsidiary undertakings	**(404)**	516
Cash used in operations	**(4,747)**	(4,051)

The exceptional non-cash items in 2018 related to past service costs for pensioner GMP equalisation (see note 4 on page 77).

M. SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted and fully paid		
28,085,530 (2018: 28,085,530) ordinary shares of 38 $^{6}/_{13}$p each	**10,802**	10,802

During the period no ordinary shares were issued (2018: none). Share option exercises were satisfied by transfer of shares from an employee benefit trust.

The options that have been granted and were outstanding under the Company's share option schemes at the year-end are shown in note 22 on page 91. Full details of the share option schemes are given in note 23 on pages 92 and 93.

Employees of the Company had interests in 2,613 SAYE options (2018: 5,828).

N. DISTRIBUTABLE RESERVES

The profit and loss reserve of £180,424,000 (2018: £177,109,000) in the Company includes £125,915,000 (2018: £125,915,000), which is non-distributable.

Notes to the Company's Financial Statements continued

O. CONTINGENT LIABILITIES

The Company had no known contingent liabilities at 28 December 2019 (2018: none).

P. EMPLOYEES

	2019 £'000	2018 £'000
Wages and salaries	**918**	852
Social security costs	**114**	104
Pension costs – defined contribution plans	**9**	9
Share option charges	**131**	557
	1,172	1,522

The average number of people, including Executive Directors, employed by the Company during the period was 4 (2018: 4).

Q. RELATED PARTY TRANSACTIONS

During the period the Company has been party to a number of transactions with fellow subsidiary companies:

	2019 £'000	2018 £'000
Income statement		
Finance income due from subsidiary companies	**20,261**	19,824
Finance costs due to subsidiary companies	**10,109**	9,762
Balance sheet		
Interest-bearing loans due from subsidiary companies at end of period	**248,107**	252,018
Interest-bearing loans due to subsidiary companies at end of period	**122,193**	126,103

Key management compensation, comprising remuneration of the Directors, was:

	2019 £'000	2018 £'000
Salaries, fees and short-term employee benefits	**1,929**	1,774
Social security costs	**106**	94
Share option charges	**198**	236
	2,233	2,104

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

R. 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 with a duration of 12 months or less 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 used was 2.75%.

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. As the lease had only just over one year to run, this results in an opening adjustment to reduce net equity by £2,000, with the creation of a right-of-use asset with net book value of £92,000 and a lease liability of £94,000. The impact on profit for the year was only £1,000 and there was no impact on overall cash flow.

Alternative Performance Measures

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

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

DEFINITIONS

Underlying operating profit is profit before defined benefit pension charges and exceptional items. The defined benefit pension plan relates to employees and former employees of businesses sold by the Group and not to employees of the ongoing business. Exceptional items are defined below. Both these items may be volatile in magnitude and distort the underlying performance measures of the ongoing business. A reconciliation of underlying operating profit to operating profit is shown in note 1 and the calculation of underlying EPS is shown in note 7.

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

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

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

Free cash flow is defined as the net movement in cash and cash equivalents, before distributions to Shareholders but including exchange gains/(losses) on cash and cash equivalents. It is a measure of cash available for allocation in line with the Group's capital allocation policy (see page 20).

Cash conversion is defined as the percentage of free cash flow to underlying operating profit and is provided as a measure of the efficiency of the Group's business model (see pages 16 and 17) to generate cash.

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

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

Underlying operating cash flow is defined as cash generated from operations, before pension contributions and defined benefit pension administration charges, less capital expenditure. This reflects the cash flow directly from the ongoing business operations.

Underlying profit before tax is defined as profit before tax excluding defined benefit pension scheme charges and exceptional items.

Underlying profit after tax is defined as profit after tax before defined benefit pension scheme charges and exceptional items, net of any related tax charges.

Underlying earnings per share is defined as underlying profit after tax divided by the weighted average number of shares in issue during the financial year.

Five Year Financial Record

INCOME STATEMENT

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Revenue	**860,844**	738,418	627,518	558,223	497,219
Underlying* operating profit	**53,932**	45,359	42,029	37,947	33,215
Defined benefit pension scheme administration costs	**(312)**	(316)	(291)	(311)	(394)
Exceptional items	**–**	(721)	(454)	(2,940)	(858)
Operating profit	**53,620**	44,322	41,284	34,696	31,963
Finance income	**818**	250	3	22	37
Finance costs	**(67)**	(23)	(125)	(46)	(7)
Net pension finance charge	**(378)**	(403)	(503)	(521)	(836)
Profit before tax	**53,993**	44,146	40,659	34,151	31,157
Taxation	**(11,276)**	(8,952)	(11,734)	(9,672)	(8,462)
Profit for the period	**42,717**	35,194	28,925	24,479	22,695

* Underlying has been restated to include share option charges in 2017, 2016 and 2015.

Basic earnings per ordinary share	152.42c	125.61c	103.15c	87.27c	81.26c
Dividend per share – paid and proposed	84.00c	70.00c	118.10c	52.50c	38.89c

BALANCE SHEET

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Non-current assets (excluding deferred tax)	**27,506**	20,096	19,967	20,020	19,365
Deferred tax assets	**4,338**	5,636	5,912	5,030	4,388
Net current assets	**44,792**	33,482	35,083	25,299	28,781
Retirement benefit obligations	**(12,305)**	(15,016)	(18,106)	(19,290)	(23,114)
Other liabilities	**(1,383)**	(931)	(763)	(1,734)	(968)
Shareholders' equity	**62,948**	43,267	42,093	29,325	28,452
Net cash	**41,136**	27,484	30,767	21,683	18,381

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