4imprint Group plc

Full Year Results 2024

KEVIN LYONS-TARR, CEO

Highlights

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Results Summary

Revenue

$1.37bn

↑ 3%

Operating profit

$148.1m

↑ 9%

Basic EPS

416.3c

↑ 10%

Cash and bank deposits

$147.6m

2023: $104.5m

Total paid and proposed regular DPS

240.0c

2023: 215.0c

Proposed special DPS

250.00c

2023: Nil

DAVID SEEKINGS, CFO

Financial Review

Income Statement

	2024 $m	2023 $m	
Revenue	**1,367.9**	1,326.5	**3%**
Gross profit	**435.4**	401.9	**8%**
Gross profit margin	***31.8%***	*30.3%*	
Marketing costs	**(173.7)**	(159.9)	**9%**
Selling costs	**(49.8)**	(47.2)	**6%**
Admin & central costs	**(61.8)**	(56.8)	**9%**
Share option related charges	**(1.6)**	(1.1)	**45%**
DB pension admin costs	**(0.4)**	(0.7)	**-43%**
Operating profit	**148.1**	136.2	**9%**
Operating margin	***10.8%***	*10.3%*	
Interest	**6.3**	4.3	
Pension finance income	**-**	0.2	
Profit before tax	**154.4**	140.7	**10%**
Tax	**(37.2)**	(34.5)	
Profit after tax	**117.2**	106.2	**10%**
Basic EPS	**416.3c**	377.9c	**10%**

- Revenue +3%
  - H1 +5%; H2 +1% reflecting market conditions
  - US $1,342.7m; UK $25.2m
- Gross profit +8%
  - Improvement in YOY GP% to ~32%
  - Carefully targeted sell price adjustments
  - Manageable supplier cost increases
- Marketing costs +9%
  - Continued investment in brand element (TV)
  - Marketing mix efficient and flexible
  - Revenue per mktg dollar $7.88 (2023: $8.30)
- Selling costs +6%
  - Annualisation in 2024 of large 2023 recruitment classes
  - Required resource in place for 2025
- Admin/other overheads +9%
  - Further senior additions to the team
  - Other growth-driven costs, e.g. IT licensing, employee benefits
  - Head Office costs $5.1m (2023: $5.0m)
- Operating profit +9%
  - Operating margin remains above 10%
  - Reflects resilience of the business model
- Net finance income
  - YOY increase of $1.8m
  - Reasonable yields and large cash balances
- Effective tax rate 24.1% (2023: 24.5%)

Balance Sheet

	2024 $m	2023 $m
Fixed assets	**49.6**	35.2
Right-of-use assets	**4.2**	11.4
Goodwill	**1.0**	1.0
Deferred tax assets	**3.2**	3.8
	58.0	51.4
Inventories	**17.1**	13.6
Receivables	**64.4**	68.4
Payables	**(95.0)**	(89.9)
	(13.5)	(7.9)
Current tax	**0.4**	0.4
Deferred tax liabilities	**(2.1)**	(1.6)
Cash and bank deposits	**147.6**	104.5
Lease liabilities	**(5.3)**	(12.3)
	140.6	91.0
Net assets	**185.1**	134.5

- Fixed asset additions $19.6m
  - Mostly Oshkosh DC expansion, including expanded solar array
  - Embroidery, DTG and IT equipment
- Right-of-use-assets and lease liabilities reassessed at 2024 year-end under IFRS16
- Working capital
  - Core net negative balance $13.5m (2023: $7.9m)
  - Likely to be typical in ensuing periods
- Financial strength
  - Cash and bank deposits $147.6m (2023: $104.5m); no debt
  - Use of cash under regular review by the Board in accordance with capital allocation framework and balance sheet funding guidelines

Cash Flow

	2024 $m	2023 $m
At start of period	**104.5**	86.8
Operating profit	**148.1**	136.2
Share option non-cash charges	**1.6**	1.1
Pension admin costs paid by Plan	**-**	0.5
Depreciation and amortisation	**5.1**	4.7
Lease depreciation	**1.7**	1.7
Change in working capital	**5.6**	29.2
Capital expenditure	**(19.5)**	(9.7)
Underlying operating cash flow	**142.6**	163.7
Contributions to defined benefit pension	**-**	(6.5)
Tax	**(35.8)**	(33.8)
Interest	**6.3**	3.9
Own share transactions	**(2.0)**	1.4
Capital element of lease payments	**(1.5)**	(1.4)
Exchange	**(1.0)**	1.2
Free cash flow	**108.6**	128.5
Dividends to Shareholders	**(65.5)**	(110.8)
Net cash inflow in the period	**43.1**	17.7
At end of period	**147.6**	104.5

- Highly cash generative business model
  - Strong operating profit
  - Efficient working capital profile
  - Cash conversion of 96%, even after large DC capital project
- Tax payments rising broadly in line with profitability
- Net interest income reflects healthy cash balances throughout the year and yields on deposits
- Own share transactions are to cover the maturing share awards/options under both SAYE/ESPP and executive incentive plans
- $65.5m paid in dividends to Shareholders in the year
  - Interim and Final regular dividends increasing in line with capital allocation guidelines
  - Special dividend of $2.50 per share to be paid in H1 2025

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KEVIN LYONS-TARR, CEO

Operational Review

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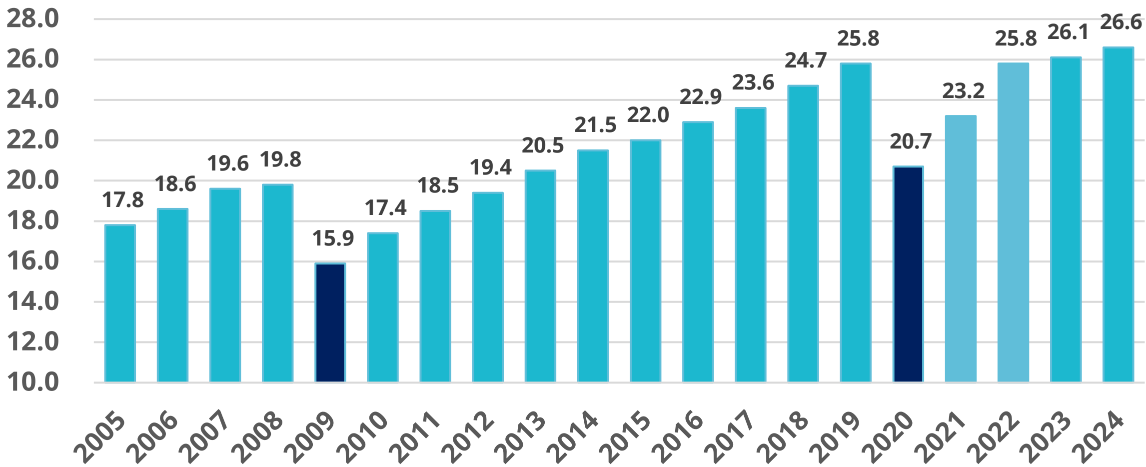
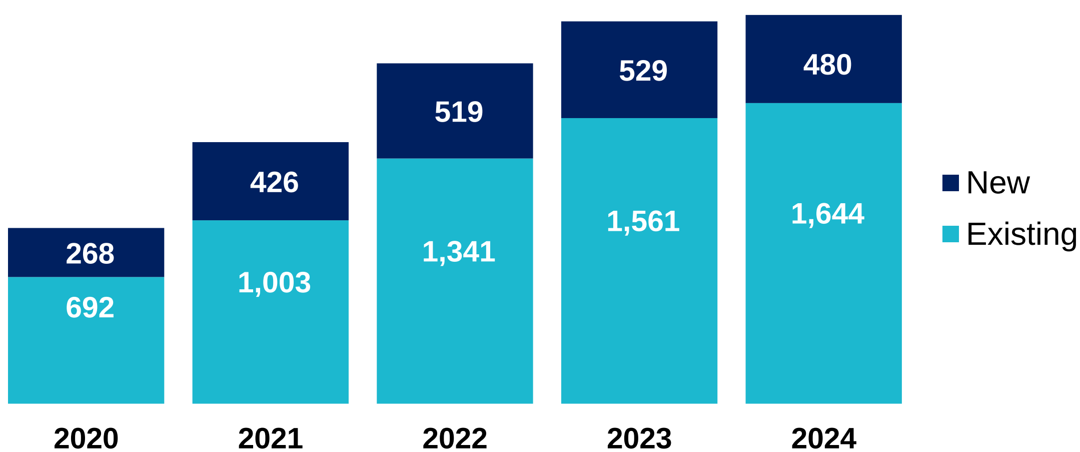
Market

ASI Industry Sales North America 2005 - 2024 $bn



- Industry sales of $26.6bn increased 1.8% over 2023 representing continued market softness
- Industry revenue only slightly above 2019; industry order volume remains below pre-pandemic levels
- Industry growth in the 2022-2024 period slower than any three-year period in 2010-2019
- 4imprint market share increased to 5.1% vs. 5.0% in 2023

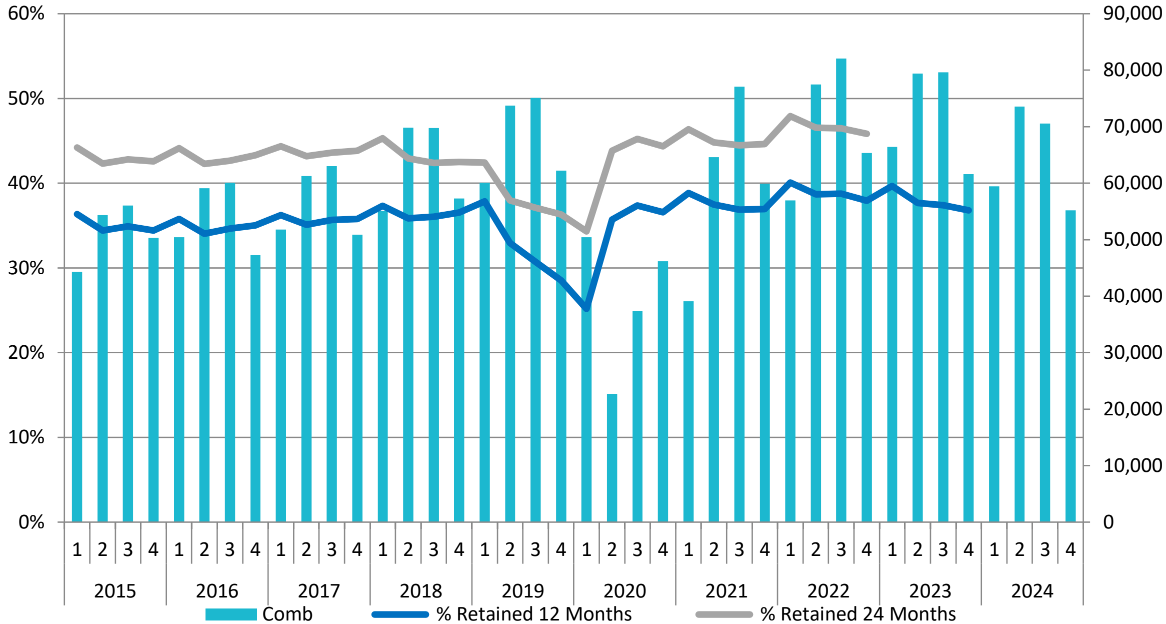
No. of orders received ('000)



- Over 2.1 million orders received
- 480,000 new customer orders were received in 2024, -9% from 2023
- 280,000 new customers acquired, -10% from 2023
- Existing customer orders up 5.3% over 2023, representing strong and consistent retention rates over a larger customer file

Marketing Effectiveness

US and Canada Acquired and Retained %



Revenue per marketing dollar

- Total marketing spend $173.7m, an increase of 9% over 2023
- Revenue per marketing dollar $7.88 vs. $8.30 in 2023, driven by a combination of testing higher levels of marketing spend as well as the soft market conditions; mix proved to be very flexible in H2 as we adjusted spend to better fit the order volume while also continuing to invest in building our brand awareness
- Mix of marketing spend similar to prior year
- Brand awareness metrics show continued strength
  - Unaided above 20% for the first time, was just above 15% for the first time a year ago
  - Aided brand awareness approaching 60%
- New customer acquisition remains challenging given the market backdrop, with H2 more difficult particularly around the election
- Retention rates remain strong

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Operational Update

Supply chain

- No material supply chain issues in the year, strong support from our supplier partners.
- As in 2018-2019, we will work closely with our supplier partners to effectively navigate tariff implications.

Team

- Made planned investment in key appointments at the leadership level as well as specialists to help underpin a larger company and support our future growth.
- We continue to be able to attract and retain the necessary talent to support the business.

Operational Update

Oshkosh DC Expansion

- Project completed on time and on budget, operational in Q3; total now 470k sq. ft.
- Provides necessary space for embroidery, DTG and DTF capacity to support growth in the apparel category.
- Solar array at our Oshkosh distribution centre expanded to match the expansion in the footprint of the facility.

Operational Update

better choices®

- Our Better Choices® programme continues to grow, representing $403m in revenue ($310m in 2023). Significant progress has been made with the Better Materials designation within the programme reaching $204m in revenue ($144m in 2023); an important component of our longer-term emission reduction plans.

- Targets for increased use of recycled and more sustainable materials in the manufacture of our in-house brands were met, increasing the number of products represented in the program.

CROSSLAND® reFresh® SUPERKiD TaskRight®

Summary & Outlook

The Group delivered a strong financial performance in 2024, continuing to outperform the promotional products market as a whole and thereby taking further market share.

In the first two months of 2025 revenue at the order intake level was slightly down compared to the same period in 2024, reflecting continued uncertainty in the market. It is possible that market conditions, including potential tariff impacts, may continue to influence demand in 2025. From our experience, however, as business sentiment improves, demand for promotional products increases as does our ability to gain market share.

Despite a challenging near-term environment, our view of the prospects of the business remains unchanged. The Board is confident in the Group's strategy, competitive position and growth opportunity.

Appendix


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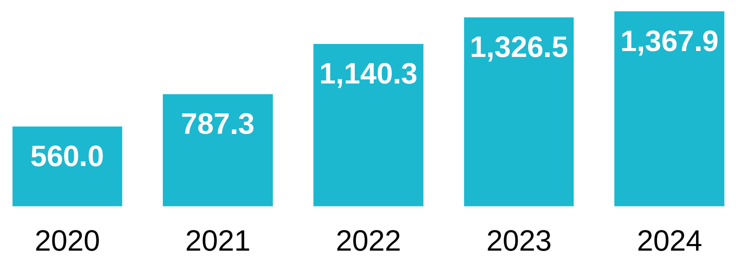
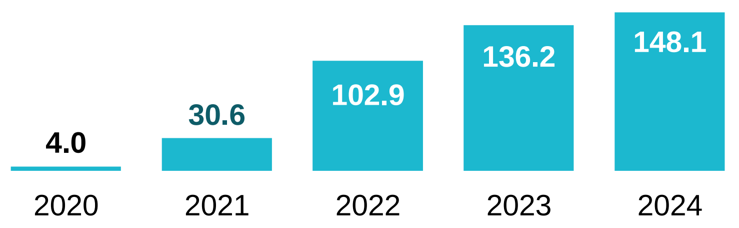
Results Summary

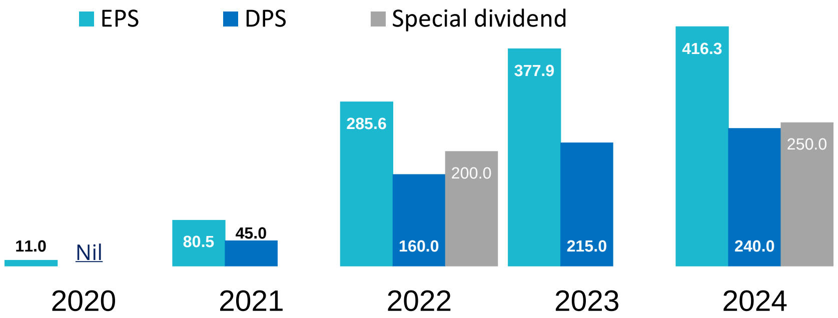
Revenue ($m)



Operating profit ($m)



Basic EPS and DPS (cents)



Cash and bank deposits – year end ($m)