10 August 2022

4imprint Group plc
Half year results for the 26 weeks ended 2 July 2022 (unaudited)

4imprint Group plc (the "Group"), a direct marketer of promotional products, today announces its half year results for the 26 weeks ended 2 July 2022.

Financial Overview	Half year 2022 $m	Half year 2021 $m	Change
Revenue	**515.54**	326.81	+58%
Operating profit	**43.98**	3.60	+1,122%
Profit before tax	**43.91**	3.37	+1,203%
Cash	**67.10**	52.80	+27%
Basic EPS (cents)	**118.90**	9.12	+1,204%
Interim dividend per share (cents)	**40.00**	15.00	+167%
Interim dividend per share (pence)	**33.01**	10.83	+205%

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

Operational Overview

- Customer demand at record levels:
  - 886,000 total orders processed in H1 2022 (H1 2021: 616,000; H1 2019: 778,000)
  - 146,000 new customers acquired in H1 2022 (H1 2021: 113,000; H1 2019: 147,000)
  - July 2022 demand activity has remained encouraging
- Marketing efficiency led by increasing proportion of brand awareness producing market share gains and strengthening the business for the future
- Success in attracting and retaining team members in difficult labour markets
- Supply chain challenges being addressed in partnership with tier 1 suppliers
- Interim dividend of 40.00c per share declared (2021: 15.00c) reflects performance in the first half of the year and the Group's strong financial position

Paul Moody, Chairman said:
"The Board remains very confident in the Group's strategy, the strength and resilience of its business model and its competitive position. This confidence is expressed in our expectation of reaching our long-held revenue target of $1bn during the 2022 financial year.

At the same time, the Board is cognisant of continuing uncertainty in the form of geo-political and broad economic factors that could potentially slow down the Group's performance during the remainder of 2022.

Trading momentum in the first few weeks of the second half of 2022 has remained encouraging."

For further information, please contact:

4imprint Group plc
Tel. + 44 (0) 20 3709 9680
hq@4imprint.co.uk
Kevin Lyons-Tarr, Chief Executive Officer
David Seekings, Chief Financial Officer

MHP Communications
Tel. + 44 (0) 20 3128 8794
4imprint@mhpc.com
Katie Hunt

Chairman's Statement

Performance summary

The Group has delivered a remarkable financial performance in the first half of 2022.

Group revenue in the first half of 2022 was $515.54m, an increase of $188.73m, or 58% over the same period in 2021. Profit before tax for the period was $43.91m (2021: $3.37m), resulting in basic earnings per share of 118.90c (2021: 9.12c). The business model remains very cash-generative, leaving the Group with a net cash balance at the half year of $67.10m (3 July 2021: $52.80m).

The strong trading momentum driving these results was described in our market updates of 6 May 2022 and 19 July 2022. Measured against the 2019 comparative, (the most recent 'normal' year), order counts at the half year were up 14%. Average order values also increased by 14%, resulting in overall demand revenue for the period at 30% above the 2019 comparative.

Strategic progress

The progress made in the first half of 2022 directly reflects both the clarity of our strategic direction and our unwavering commitment to 'doing the right thing' by taking a long-term view of the business throughout the pandemic-affected years of 2020 and 2021. In particular:

- We remain fully committed to our people, whose hard work and dedication has allowed us to produce such impressive results; they are at the heart of the 4imprint culture.
- We continue to develop and invest in a brand component to our marketing engine. This strategic initiative was launched in 2018, before the pandemic, and has given us the flexibility we anticipated to make a positive impact on the efficiency of our marketing.

Dividend

The Group is very well financed. In consequence, the Board has declared an interim dividend of 40.00c per share, an increase of 167% over the prior year. The well-established Group balance sheet funding and capital allocation guidelines will continue to shape decisions on future dividend payments to Shareholders.

Outlook

The Board remains very confident in the Group's strategy, the strength and resilience of its business model and its competitive position. This confidence is expressed in our expectation of reaching our long-held revenue target of $1bn during the 2022 financial year.

At the same time, the Board is cognisant of continuing uncertainty in the form of geo-political and broad economic factors that could potentially slow down the Group's performance during the remainder of 2022.

Trading momentum in the first few weeks of the second half of 2022 has remained encouraging.

Paul Moody

Chairman

10 August 2022

Operating and Financial Review

Operating Review

Revenue	Half year 2022 $m	Half year 2021 $m
North America	**505.86**	321.70
UK & Ireland	**9.68**	5.11
Total	**515.54**	326.81

Operating profit	Half year 2022 $m	Half year 2021 $m
Direct Marketing operations	**46.29**	5.69
Head Office costs	**(2.31)**	(2.09)
Total	**43.98**	3.60

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

Performance overview

The first half of 2022 produced outstanding financial results.

In total, 886,000 orders were processed in the first half of 2022. This represents an increase of 44% against 616,000 in 2021, and an increase of 14% compared to 778,000 in 2019. Importantly, we have continued to attract new customers at an encouraging rate; in the first half of 2022 we acquired 146,000 new customers, a 29% increase over the 113,000 acquired over the same period in 2021.

These markedly improved demand numbers translated into significant gains in year-on-year financial performance. Group revenue for the 2022 half year was $515.54m (2021: $326.81m), an increase of 58%. Operating profit for the period was $43.98m, compared to $3.60m in the first half of 2021.

The 4imprint direct marketing business model remains very cash generative, with free cash flow of $33.65m in the period (2021: $13.04m), contributing to a cash balance at the 2022 half year of $67.10m (3 July 2021: $52.80m).

We are in no doubt that the strength of the Group’s financial performance in the first half of 2022 is a direct result of our strategic commitment to maintain the financial resource to keep investing in the business even during an economic downturn. We are secure in the knowledge that this continued investment, primarily in people and marketing, lays the foundation for the significant market share opportunity ahead.

Operational highlights

Progress has been made in the following operational areas in the period.

- **People.** Our people are a crucial element in our success. This was readily apparent in the context of the very strong demand seen in the first half of 2022. The willingness of our team members across the entire business to go above and beyond to deliver outstanding customer service in the face of a rapid increase in demand and a challenging supply chain is indicative of 4imprint’s culture and values. Despite an extremely tight labour market, we have been able to attract the necessary talent to service the increasing demand that we are seeing. To further strengthen this ability to attract and retain great people we have invested in remuneration and benefit initiatives and will continue to do so in the second half of the year. In addition, with input from our team we have continued with the development of a permanent ‘hybrid’ working environment for our office-based team members. As well as improving the resilience of the business, this reduces our need for future office space without sacrificing our ability to provide a remarkable customer experience.
- **Marketing.** We have always understood the importance of staying in front of our customers during an economic downturn. The pandemic years of 2020 and 2021 were no exception. The strategic evolution of our marketing mix in 2018 to include and increasingly invest in a new brand awareness programme was accelerated during this time. We used the improved flexibility this new mix offers to take full advantage of the immediate market share opportunity at the same time as strengthening the business for the long-term. This approach has clearly been successful in the first half of 2022 as an essential driver of our revenue per marketing dollar KPI in the period of $8.19, a 50% increase over prior year (2021: $5.46).
- **Supply.** As anticipated, the first half of 2022 saw sometimes acute pressure due to challenges around global logistics, inventory availability and production capacity to keep up with demand. The deep relationships that we have with our key tier 1 suppliers again proved to be invaluable in dealing with these supply chain issues. In addition, we experienced significant inflationary pressure on cost of product in the period. Whilst we have

implemented carefully considered price increases to help address these increasing costs, we continue to approach pricing thoughtfully so as to remain very well positioned in the market, supporting the strong customer acquisition and retention numbers described above.

- **Screen-printing.** In April 2022 we completed the purchase of the business and assets of a small, nearby apparel screen-printing business that had been a long-standing and valued supplier. Our intention is to use the assets and, more importantly, the expertise acquired to scale up our apparel decorating capacity in support of the continued growth of this category. In terms of strategic direction, the parallel is the substantial in-house embroidery operation that we have built from small beginnings over the last several years.
- **Solar array project.** We are pleased to report good progress in our carbon reduction initiatives. Our $2m solar array project at the Oshkosh Distribution Center recently produced its first power and is expected to be fully operational by the end of August 2022. This project will help reduce the amount of carbon offsets required to retain our *CarbonNeutral®* certification.

Summary

The financial performance of the Group in the first half of 2022 provides firm validation that our strategy remains fully relevant. The opportunities in the markets in which we operate are attractive and we see strong potential for further market share gains.

Financial Review

	Half year 2022 $m	Half year 2021 $m
Operating profit	**43.98**	3.60
Net finance cost	**(0.07)**	(0.23)
Profit before tax	**43.91**	3.37
Taxation	**(10.54)**	(0.81)
Profit for the period	**33.37**	2.56

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

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

	Half year 2022 $m	Half year 2021 $m
Revenue	**515.54**	326.81
Gross profit	**147.94**	95.61
Marketing costs	**(62.94)**	(59.89)
Selling costs	**(18.05)**	(15.43)
Administration and central costs	**(22.33)**	(16.19)
Share option related charges	**(0.46)**	(0.33)
Defined benefit pension scheme administration costs	**(0.18)**	(0.17)
Operating profit	**43.98**	3.60

Revision to the definition of underlying profit measures

In previous half year results announcements, defined benefit pension charges were not included in the definition of underlying operating profit. These charges have now become relatively stable and are not material, therefore they are now included in underlying, which is defined as before exceptional items. There are no exceptional items in the half year 2022 or half year 2021, so the term underlying is not used in relation to any measurements of profit in these 2022 half year results.

Operating result

The momentum built in the second half of 2021 has continued into the first six months of 2022. Strong demand activity resulted in both total order counts and average order values at the half year up 14% over the first half of 2019 (the most recent 'normal' year), leading to revenue for the period increasing to $515.54m (H1 2021: $326.81m; H1 2019: $405.06m).

The gross profit percentage has stabilised at 28.7% (H1 2021: 29.3%), despite the high inflationary environment. A considered approach to selling price adjustments has helped to offset supplier cost increases. Other factors affecting gross margin percentage include continuing strength in average order values and increases in other directly variable costs such as transportation.

Marketing costs reduced to 12.2% of revenue in the period, compared to 18.3% of revenue in the first half of 2021. The improved productivity of our marketing programme, driven by the shift towards the brand component and efficiencies in search engine marketing yields, has resulted in our revenue per marketing dollar KPI in the period rising to $8.19, a 50% increase over prior year (2021: $5.46).

Selling, administration, and central costs together have increased 27.7% year-on-year. This reflects additional investment in team members, particularly in customer service and at our operational facilities to support elevated demand activity, and higher incentive compensation accruals and revenue reserves in line with trading performance.

These factors, when combined together, demonstrate the financial leverage in the business model, thereby delivering a material uplift in operating profit to $43.98m for the period (H1 2021: $3.60m).

Foreign exchange

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

	Half year 2022		Half year 2021		Full year 2021	
	Period end	**Average**	Period end	Average	Period end	Average
Sterling	**1.20**	**1.30**	1.38	1.39	1.35	1.38
Canadian dollars	**0.77**	**0.79**	0.81	0.80	0.79	0.80

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

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

- Translational risk in the income statement remains low with the majority of the Group's revenue arising in US dollars, the Group's reporting currency. The net impact on the 2022 half year income statement from trading currency movements was not material to the Group's results.
- Most of the constituent elements of the Group balance sheet are US dollar-based. Exceptions are the Sterling-based defined benefit pension asset and UK cash balance, which produced exchange losses of $0.12m and $1.05m respectively in the first half of 2022.
- The Group generates cash mostly in US dollars, but its primary applications of post-tax cash are Shareholder dividends, pension contributions and some Head Office costs, all of which are paid in Sterling. As such, the Group's cash position is sensitive to Sterling/US dollar exchange movements. To the extent that Sterling weakens against the US dollar, more funds are available in payment currency to fund these cash outflows.

Share option charges

A total of $0.46m (H1 2021: $0.33m) was charged in the period in respect of IFRS 2 'Share-based Payments'. This was made up of two elements: (i) executive awards under the 2015 Incentive Plan, now replaced by the Deferred Bonus Plan ("DBP"); and (ii) charges in respect of the 2019 UK SAYE Scheme and the 2021 US Employee Stock Purchase Plan.

Current options and awards outstanding are 13,833 share options under the UK SAYE scheme, 91,838 share options under the 2021 US Employee Stock Purchase Plan, and 29,633 share awards under the 2015 Incentive Plan.

Net finance cost

Net finance cost in the period was $0.07m (H1 2021: $0.23m). This comprises lease interest charges under IFRS 16, the net finance income/cost on the defined benefit pension plan assets and liabilities, and interest earned on cash deposits.

The net finance cost has reduced year-on-year due to improving yields on cash deposits, particularly in the US where interest rates have steadily increased during the period, and net interest on the defined benefit pension plan becoming positive as the Plan has moved into a net asset position on an IAS 19 basis.

Taxation

The tax charge for the half year was $10.54m (H1 2021: $0.81m), giving an effective tax rate of 24% (H1 2021: 24%). The tax charge relates principally to taxation payable on profits earned in North America.

Earnings per share

Basic earnings per share was 118.90c (H1 2021: 9.12c). This reflects the strong financial results in the period, a consistent effective tax rate, and a weighted average number of shares in issue similar to prior year.

Dividends

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

The Board has declared an interim dividend per share of 40.00c, (2021: 15.00c), an increase of 167%. In Sterling, the interim dividend per share will be 33.01p (2021: 10.83p). The dividend will be paid on 16 September 2022 to Shareholders on the register at the close of business on 19 August 2022.

Defined benefit pension plan

The Group sponsors a legacy UK defined benefit pension plan (the "Plan") which has been closed to new members and future accruals for several years. The Plan has 114 pensioners and 221 deferred members.

At 2 July 2022, the surplus of the Plan on an IAS 19 basis was $0.72m, compared to a surplus of $1.97m at 1 January 2022. Gross Plan assets under IAS 19 were $26.14m, and liabilities were $25.42m.

The change in the surplus is analysed as follows:

	$m
IAS 19 surplus at 1 January 2022	**1.97**
Company contributions to the Plan	**2.20**
Defined benefit pension scheme administration costs	**(0.18)**
Pension finance income	**0.03**
Re-measurement gain due to changes in assumptions	**8.20**
Return on scheme assets (excluding interest income)	**(11.38)**
Exchange loss	**(0.12)**
IAS 19 surplus at 2 July 2022	**0.72**

The surplus reduced by $1.25m in the period. This was mainly the result of a fall in the Plan asset values driven by the high inflation to 2 July 2022 (the assets are held in gilts, credit funds and liquidity funds, the value of which move with inflation and interest rate expectations), partly offset by the increase in the discount rate used to measure the Plan liabilities.

The Company continues to pay regular monthly contributions into the Plan as part of a recovery plan agreed by the Company and the Trustee that aims towards funding on a buyout basis by mid-2024. As the Plan moves towards becoming 'buyout ready', the Company and the Trustee continue to assess options on the timing and route to achieving this objective.

A triennial actuarial valuation of the Plan was completed in September 2019 and this forms the basis of the 2022 half year IAS 19 valuation set out above. The next triennial Plan valuation is scheduled for September 2022.

Business combination

On 25 April 2022, the Group acquired the trade and assets of Fox Graphics Ltd, an unlisted company based in Oshkosh, Wisconsin, that specialises in screen-printing services. The acquired screen-printing operations will enable the Group to bring this capability in-house. With future investment the objective is to secure the capacity to meet the anticipated growth in demand for the apparel category.

The acquisition constitutes a business combination as defined in IFRS 3, as the three elements of a business (input, process, output) have been identified as having been acquired. Accordingly, the acquisition has been accounted for using the acquisition method.

The fair value of the consideration transferred was $1.70m and the net identifiable assets acquired and liabilities assumed as at the date of acquisition have been determined at $0.69m. The resulting goodwill of $1.01m has been recognised on the balance sheet during the period.

Further information on this acquisition is provided in note 7 to these interim financial statements.

Cash flow

Net cash was $67.10m at 2 July 2022 (3 July 2021: $52.80m; 1 January 2022: $41.59m).

Cash flow in the period is summarised as follows:

	Half year 2022 $m	Half year 2021 $m
Operating profit	**43.98**	3.60
Share option related charges	**0.44**	0.32
Defined benefit pension scheme administration costs	**0.18**	0.17
Depreciation and amortisation	**1.98**	1.76
Lease depreciation	**0.68**	0.67
Change in working capital	**4.58**	11.32
Capital expenditure	**(2.44)**	(0.96)
Underlying operating cash flow	**49.40**	16.88
Tax and interest	**(9.25)**	(1.04)
Consideration for business combination	**(1.70)**	-
Defined benefit pension scheme contributions	**(2.20)**	(2.07)
Own share transactions	**(0.97)**	(0.30)
Capital element of lease payments	**(0.58)**	(0.55)
Exchange and other	**(1.05)**	0.12
Free cash flow	**33.65**	13.04
Dividends to Shareholders	**(8.14)**	-
Net cash inflow in the period	**25.51**	13.04

The Group generated underlying operating cash flow of $49.40m (H1 2021: $16.88m), a conversion rate of 112% of operating profit. The net working capital position, whilst remaining elevated, has improved since the 2021 year end as the open order book has been closely managed and supply chain issues have started to stabilise. Capital expenditure includes $1.71m on a solar array at the Oshkosh Distribution Center which recently produced its first power and is expected to be fully operational by the end of August 2022.

Free cash flow improved by $20.61m to $33.65m (H1 2021: $13.04m). This is attributable to the excellent trading performance during the period and is net of $1.70m of business acquisition consideration. The 2021 final dividend of $8.14m was paid in May 2022.

Balance sheet and Shareholders' funds

Net assets at 2 July 2022 were $103.79m, compared to $82.97m at 1 January 2022. The balance sheet is summarised as follows:

	2 July 2022 $m	1 January 2022 $m
Non-current assets	**39.51**	38.04
Working capital	**7.77**	12.27
Net cash	**67.10**	41.59
Lease liabilities	**(11.62)**	(12.09)
Pension asset	**0.72**	1.97
Other assets – net	**0.31**	1.19
Net assets	**103.79**	82.97

Shareholders' funds increased by $20.82m since the 2021 year-end. Constituent elements of the change were retained profit in the period of $33.37m and share option related movements of $0.44m, net of equity dividends paid to Shareholders of $(8.14)m, own share transactions of $(0.97)m, the after tax impact of returns on pension plan assets and re-measurement gains on pension obligations of $(2.62)m, and currency translation differences of $(1.26)m.

The Group had a net positive working capital balance of $7.77m at 2 July 2022 (1 January 2022: $12.27m). This reflects the build-up of accrued revenue and inventory on orders being processed and has been impacted by global and local supply chain issues. The working capital balance has reduced since the year-end as orders have been completed and the supply of product has stabilised.

Financing and liquidity

Full details of the Board's balance sheet funding guidelines and capital allocation priorities are set out on page 33 of the 2021 Annual Report. The Board retains the same guidelines in both areas.

The primary aim of these guidelines is to provide operational and financial flexibility through economic cycles, to be able to invest in opportunities as they arise, and to meet commitments to Shareholders through dividend payments and to the defined benefit pension plan through regular contributions.

The Group has a $20.0m working capital facility with its principal US bank, JPMorgan Chase, N.A. The facility has a minimum EBITDA test and standard debt service coverage ratio and debt to EBITDA covenants. The interest rate is the Secured Overnight Financing Rate ("SOFR") plus 2.1%, and the facility expires on 31 May 2024. In addition, an overdraft facility of £1.0m, with an interest rate of the Bank of England base rate plus 2.00% (or 2.00% if higher), is available from the Group's principal UK bank, Lloyds Bank plc, until 31 December 2022.

The Group had cash balances of $67.10m at the period end and has no current requirement or plans to raise additional equity or core debt funding.

Critical accounting policies

Critical accounting policies are those that require significant judgments or estimates and potentially result in materially different results under different assumptions or conditions. It is considered that the Group's only critical accounting policies are in respect of revenue, leases, and the retirement benefit asset.

Key sources of estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimation of the effects of uncertain future events. The key sources of estimation uncertainty are considered to be in relation to the valuation of the defined benefit Plan liabilities and assets.

Principal risks and uncertainties

The Board has ultimate responsibility for the Group's risk management process, although responsibility for reviewing specific risks and controls is delegated to the Audit Committee. The Executive Directors and operational management teams, co-ordinated by the Business Risk Management Committee ("BRMC"), are responsible for the identification and evaluation of risks and the subsequent implementation of specific risk mitigation activities.

The Group's risk management process identifies, evaluates, and manages the Group's principal risks and uncertainties. These risks are identified through a variety of sources, both internal and external, to ensure that emerging risks are identified and considered on a timely basis.

The principal risks and uncertainties, including emerging risks, faced by the Group are set out on pages 36 to 43 of the 2021 Annual Report, a copy of which is available on the Group's investor relations website at https://investors.4imprint.com. These are:

1. Macroeconomic conditions.
2. Markets & competition.
3. Effectiveness of key marketing techniques and brand development.
4. Business facility disruption.
5. Domestic supply and delivery.
6. Failure or interruption of information technology systems and infrastructure.
7. Cyber threats.
8. Supply chain compliance & ethics.
9. Legal, regulatory, and compliance.
10. Climate change.
11. Products and market trends.

Whilst these risks have not changed materially since year-end, updates to the risk environment in respect of COVID-19, the availability of labour, and the fulfilment of customer orders are provided below.

<u>COVID-19 pandemic</u>

Whilst concerns remain with respect to potential new virus variants, the risk of a negative effect on demand for our products arising from the pandemic is considered to have receded over the period. Demand activity for our primary North American business has fully recovered and is now exceeding pre COVID-19 levels, with total order counts at the half year 14% ahead of 2019 (the most recent 'normal' year).

<u>Availability of labour</u>

The labour market in the US remains extremely tight. This is presenting challenges in hiring production and support staff to meet the material increase in demand activity. Considerable resource has been invested to ensure 4imprint remains an employer of choice. This has included a review of wage levels in light of the high inflationary environment and strong employment market to ensure we remain competitive, as well as ensuring that the IT infrastructure is in place to support the flexible working practices that are highly valued by our office-based teammates.

<u>Customer order fulfilment</u>

The sustained disruption to global and local supply chains, challenges in recruiting staff by both 4imprint and our supply partners, and elevated order levels experienced during the first half of 2022, have increased the risk of not being able to fulfil customer orders on a timely basis. The Group's reputation for excellent service and reliability is a core tenet of our customer proposition. Recruitment activity has been ongoing throughout the period, particularly in our Oshkosh Distribution Center and for customer service staff to help meet demand for apparel orders and to keep our customers informed and supported through the order process.

Going concern statement

In adopting the going concern basis for preparing these condensed consolidated financial statements, the Directors have carefully considered:

- The Group's strategy, market position and business model, as set out in the Strategic Report section on pages 9 to 19 of the 2021 Annual Report.
- The principal risks and uncertainties facing the Group, as outlined in the Principal risks and uncertainties section of this Financial Review.
- Information contained in this Financial Review concerning the Group's financial position, cash flows and liquidity position.
- Regular management reporting and updates from the Executive Directors.
- Recent detailed financial forecasts and analysis for the period to 30 December 2023.

The strength of the Group's business model and market position, as evidenced by the financial resilience shown through the COVID-19 pandemic and excellent demand activity in the first half of 2022, leaves the Group in a very strong financial position. In consequence, the Board has considerable confidence in the Group's prospects, whilst remaining conscious of the current geo-political and broad economic factors that may affect the Group's performance over the period to 30 December 2023.

<u>Financial position</u>

The Group had net cash of $67.10m at 2 July 2022 (1 January 2022: $41.59m) and maintains a $20.0m working capital facility with its principal US bank, JPMorgan Chase, N.A., which expires on 31 May 2024, and an overdraft facility of £1.0m with its principal UK bank, Lloyds Bank plc, which is available until 31 December 2022. Based on our forecast, we have no requirement to draw on either of these facilities.

<u>Financial modelling</u>

We undertake regular forecasting and budgeting exercises which are reviewed and approved by the Board. On an annual basis, we also model a distressed scenario based upon severe, but plausible, downside demand assumptions to support our assessment of viability.

These forecasts, and our experience from the COVID-19 pandemic that resulted in sustained diminished corporate demand in a downsized promotional products market, have demonstrated the Group's ability to flex its marketing and other costs to mitigate the impact of severe falls in revenue, whilst still retaining flexibility to further reduce costs if required.

Combined with a healthy net cash position maintained in accordance with our balance sheet funding guidelines, the Board considers the Group to be in a strong position to withstand severe economic stress and to take market share opportunities as they arise.

Going concern

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group will continue to operate and to meet its liabilities as they fall due over the period to 30 December 2023. On this basis, the Directors continue to adopt the going concern basis in preparing these condensed consolidated financial statements.

Kevin Lyons-Tarr

Chief Executive Officer

David Seekings

Chief Financial Officer

10 August 2022

Condensed Consolidated Income Statement (unaudited)

For the 26 weeks ended 2 July 2022

	Note	**Half year 2022 $'000**	Half year 2021 $'000	Full year 2021 $'000
Revenue	6	**515,536**	326,808	787,322
Operating expenses		**(471,553)**	(323,213)	(756,676)
Operating profit	6	**43,983**	3,595	30,646
Finance income		**108**	15	33
Finance costs		**(205)**	(228)	(435)
Pension finance income/(charge)		**27**	(15)	(15)
Net finance cost		**(70)**	(228)	(417)
Profit before tax		**43,913**	3,367	30,229
Taxation	8	**(10,539)**	(808)	(7,643)
Profit for the period		**33,374**	2,559	22,586

		Cents	Cents	Cents
Earnings per share				
Basic	9	**118.90**	9.12	80.46
Diluted	9	**118.67**	9.09	80.26

Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the 26 weeks ended 2 July 2022

	Half year 2022 $'000	Half year 2021 $'000	Full year 2021 $'000
Profit for the period	**33,374**	2,559	22,586
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences	**(1,269)**	137	(97)
Items that will not be reclassified subsequently to the income statement:			
Return on pension scheme assets (excluding interest income)	**(11,381)**	(3,440)	(1,391)
Re-measurement gains on post-employment obligations	**8,201**	2,664	2,506
Tax relating to components of other comprehensive (expense)/income	**560**	147	(1,411)
Total other comprehensive expense net of tax	**(3,889)**	(492)	(393)
Total comprehensive income for the period	**29,485**	2,067	22,193

Condensed Consolidated Balance Sheet (unaudited)

At 2 July 2022

	Note	**At 2 July 2022 $'000**	At 3 July 2021 $'000	At 1 Jan 2022 $'000
Non-current assets				
Property, plant and equipment		**25,765**	24,063	24,667
Intangible assets		**1,002**	1,078	1,045
Right-of-use assets		**11,153**	12,395	11,725
Goodwill	7	**1,010**	-	-
Deferred tax assets		**579**	3,857	600
Retirement benefit asset	11	**717**	-	1,974
		40,226	41,393	40,011
Current assets				
Inventories		**22,726**	12,646	20,559
Trade and other receivables		**82,030**	48,652	63,589
Current tax debtor		**1,331**	2,449	2,034
Cash and cash equivalents		**67,096**	52,802	41,589
		173,183	116,549	127,771
Current liabilities				
Lease liabilities	12	**(1,246)**	(1,133)	(1,150)
Trade and other payables		**(96,981)**	(74,110)	(71,877)
		(98,227)	(75,243)	(73,027)
Net current assets		**74,956**	41,306	54,744
Non-current liabilities				
Lease liabilities	12	**(10,370)**	(11,519)	(10,939)
Retirement benefit obligation	11	**-**	(2,244)	-
Deferred tax liabilities		**(1,022)**	(1,478)	(850)
		(11,392)	(15,241)	(11,789)
Net assets		**103,790**	67,458	82,966
Shareholders' equity				
Share capital		**18,842**	18,842	18,842
Share premium reserve		**68,451**	68,451	68,451
Other reserves		**4,751**	6,254	6,020
Retained earnings		**11,746**	(26,089)	(10,347)
Total Shareholders' equity		**103,790**	67,458	82,966

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

For the 26 weeks ended 2 July 2022

				Retained earnings		
	Share capital $'000	Share premium reserve $'000	Other reserves $'000	Own shares $'000	Profit and loss $'000	Total equity $'000
Balance at 3 January 2021	18,842	68,451	6,117	(581)	(27,458)	65,371
Profit for the period					2,559	2,559
Other comprehensive income/(expense)			137		(629)	(492)
Total comprehensive income			137		1,930	2,067
Own shares utilised				572	(572)	-
Own shares purchased				(301)		(301)
Share-based payment charge					321	321
At 3 July 2021	18,842	68,451	6,254	(310)	(25,779)	67,458
Profit for the period					20,027	20,027
Other comprehensive (expense)/income			(234)		333	99
Total comprehensive income			(234)		20,360	20,126
Own shares utilised				1	(1)	-
Own shares purchased				(542)		(542)
Share-based payment charge					281	281
Deferred tax relating to share options					5	5
Deferred tax relating to losses attributable to share options					(228)	(228)
Dividends					(4,134)	(4,134)
At 1 January 2022	18,842	68,451	6,020	(851)	(9,496)	82,966
Profit for the period					**33,374**	**33,374**
Other comprehensive expense			**(1,269)**		**(2,620)**	**(3,889)**
Total comprehensive income			**(1,269)**		**30,754**	**29,485**
Own shares utilised				**825**	**(825)**	**-**
Own shares purchased				**(980)**		**(980)**
Proceeds from options exercised					**12**	**12**
Share-based payment charge					**442**	**442**
Dividends					**(8,135)**	**(8,135)**
Balance at 2 July 2022	**18,842**	**68,451**	**4,751**	**(1,006)**	**12,752**	**103,790**

Condensed Consolidated Cash Flow Statement (unaudited)

For the 26 weeks ended 2 July 2022

	Note	**Half year 2022 $'000**	Half year 2021 $'000	Full year 2021 $'000
Cash flows from operating activities				
Cash generated from operations	13	**49,639**	15,770	18,257
Tax paid		**(9,151)**	(820)	(6,414)
Finance income received		**108**	15	33
Finance costs paid		**(35)**	(42)	(65)
Lease interest		**(176)**	(193)	(377)
Net cash generated from operating activities		**40,385**	14,730	11,434
Cash flows from investing activities				
Purchases of property, plant and equipment		**(2,263)**	(769)	(3,083)
Purchases of intangible assets		**(179)**	(194)	(382)
Proceeds from sale of property, plant and equipment		**3**	-	-
Consideration for business combination	7	**(1,700)**	-	-
Net cash used in investing activities		**(4,139)**	(963)	(3,465)
Cash flows from financing activities				
Capital element of lease payments		**(584)**	(554)	(1,117)
Proceeds from share options exercised		**12**	-	-
Purchases of own shares		**(980)**	(301)	(843)
Dividends paid to Shareholders	10	**(8,135)**	-	(4,134)
Net cash used in financing activities		**(9,687)**	(855)	(6,094)
Net movement in cash and cash equivalents		**26,559**	12,912	1,875
Cash and cash equivalents at beginning of the period		**41,589**	39,766	39,766
Exchange (losses)/gains on cash and cash equivalents		**(1,052)**	124	(52)
Cash and cash equivalents at end of the period		**67,096**	52,802	41,589

Notes to the Interim Financial Statements

1 General information

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

These interim condensed consolidated financial statements, which were authorised for issue in accordance with a resolution of the Directors on 9 August 2022, do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the period ended 1 January 2022 were approved by the Board of Directors on 15 March 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

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

2 Basis of preparation

These interim condensed consolidated financial statements for the 26 weeks ended 2 July 2022 have been prepared, in US dollars, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom, and should be read in conjunction with the Group's financial statements for the period ended 1 January 2022, which were prepared in accordance with UK-adopted International Accounting Standards.

As outlined in the Going concern section of the Financial Review, the Directors consider it appropriate to continue to adopt the going concern basis in preparing these interim condensed consolidated financial statements.

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

3 Accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 1 January 2022, as described in those annual financial statements, except for a new accounting policy adopted for goodwill as detailed below. New accounting standards applicable for the first time in this reporting period have no impact on the Group's results or balance sheet.

Goodwill

Goodwill represents the excess of the fair value of the consideration of an acquisition over the fair value attributed to the net assets acquired (including contingent liabilities). Goodwill is not amortised but is reviewed annually for impairment.

4 Use of assumptions and estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

There have been no changes in the critical accounting judgments and key sources of estimation uncertainty since the 2021 year-end, other than the assumptions and sensitivities on the recalculation of the defined benefit pension obligations as shown in note 11.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: currency risk; credit risk; liquidity risk; and capital risk. These interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements for the period ended 1 January 2022. There have been no changes in any financial risk management policies since that date.

Notes to the Interim Financial Statements

6 Segmental analysis

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 2 July 2022, the Group had two operating segments, North America and UK & Ireland. The costs of the Head Office are reported separately to the Board, but this is not an operating segment.

Revenue	**Half year 2022 $'000**	Half year 2021 $'000	Full year 2021 $'000
North America	**505,864**	321,698	773,710
UK & Ireland	**9,672**	5,110	13,612
Total Group revenue	**515,536**	326,808	787,322

Profit	**Half year 2022 $'000**	Half year 2021 $'000	Full year 2021 $000
North America	**46,420**	6,654	36,006
UK & Ireland	**(132)**	(968)	(1,464)
Operating profit from Direct Marketing operations	**46,288**	5,686	34,542
Head Office costs	**(2,305)**	(2,091)	(3,896)
Operating profit	**43,983**	3,595	30,646
Net finance cost	**(70)**	(228)	(417)
Profit before tax	**43,913**	3,367	30,229

Other segmental information

	Assets			Liabilities		
	2 July 2022 $'000	3 July 2021 $'000	1 Jan 2022 $'000	**2 July 2022 $'000**	3 July 2021 $'000	1 Jan 2022 $'000
North America	**140,731**	98,152	120,284	**(105,346)**	(84,645)	(81,674)
UK & Ireland	**3,948**	2,752	3,017	**(3,798)**	(3,156)	(2,618)
Head Office	**68,730**	57,038	44,481	**(475)**	(2,683)	(524)
	213,409	157,942	167,782	**(109,619)**	(90,484)	(84,816)

Head Office assets include cash and cash equivalents, deferred tax assets and retirement benefit assets. Head Office liabilities at 3 July 2021 include retirement benefit obligations.

7 Business combinations

Acquisition of screen-printing business

On 25 April 2022, the Group acquired the trade and assets of Fox Graphics Ltd, an unlisted company based in Oshkosh, Wisconsin, that specialises in screen-printing services. The acquired screen-printing operations will enable the Group to bring this capability in-house. With future investment the objective is to secure the capacity to meet the anticipated growth in demand for the apparel category.

The acquisition constitutes a business combination as defined in IFRS 3, as the three elements of a business (input, process, output) have been identified as having been acquired. Accordingly, the acquisition has been accounted for using the acquisition method.

Notes to the Interim Financial Statements

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Fair value recognised on acquisition $'000
Assets	
Property, plant and equipment	690
Right-of-use assets	111
	801
Liabilities	
Lease liabilities	(111)
	(111)
Total identifiable net assets at fair value	**690**
Goodwill arising on acquisition	1,010
Purchase consideration transferred	**1,700**
Analysis of cash flows on acquisition:	
Cash paid	1,700
Net cash flow on acquisition	**1,700**

In addition to the purchase consideration transferred, a potential further $560,000 is payable in annual instalments over the five year period following closing, subject to certain conditions being satisfied, including the continued employment of the selling shareholder with the Group. These contingent payments constitute remuneration for future services and will be expensed to profit and loss as services are rendered; $20,000 has been recognised at the 2022 half year in operating expenses in the income statement and trade and other payables in the balance sheet.

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	Goodwill $'000
Cost	
At 2 January 2022	-
Acquisition of screen-printing trade and assets	1,010
At 2 July 2022	**1,010**

The Group did not acquire any receivables as part of the business combination.

The acquired business generated revenues and net income of approximately $2.0m and $0.4m respectively for the twelve months ended 31 December 2021. The Group was the principal customer of the acquired business, contributing approximately $1.7m of the total $2.0m of revenue and approximately $0.3m of the total $0.4m net income.

The impact on the Group's financial statements, both from the date of acquisition and as if the acquisition had taken place at the beginning of the period, are not material as demonstrated by the full year results of Fox Graphics Ltd noted above. As most of the revenue of the acquired business was contributed by the Group, these transactions will be eliminated upon consolidation from the date of acquisition as intra-group trading and thus only external sales will impact Group revenue (based on 2021 results, this would be expected to add circa $0.3m to revenue for a full year). The Group will benefit from lower product costs associated with integrating the production operations of Fox Graphics Ltd; based on 2021 results and without any new investment by the Group, the acquisition would be expected to add circa $0.4m to the Group's profit before tax for a full year.

Notes to the Interim Financial Statements

The goodwill recognised is primarily attributable to the specialised operational knowledge acquired and benefits of bringing the activities of the screen-printing business in-house to secure capacity and support the growing demand for decorated garments from our customers. The total amount of goodwill that is expected to be deductible for tax purposes is $1,010,000.

Total acquisition-related transaction costs of $17,000 will be expensed in 2022; $13,000 is included in operating expenses in the income statement for the 26 weeks ended 2 July 2022 and is part of operating cash flows in the cash flow statement; the remaining $4,000 of costs will be expensed in the second half of the financial year.

8 Taxation

The taxation rate was 24%, based on the estimated rate for the full year (H1 2021: 24%; FY 2021: 25%). Tax paid in the period was $9.15m (H1 2021: $0.82m; FY 2021: $6.41m).

The deferred tax assets/liabilities at 2 July 2022 have been calculated at a tax rate of 19% in respect of deferred tax items that are expected to reverse before 1 April 2023 (H1 2021: 19%; FY 2021: 19%) and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (H1 2021: 25%; FY 2021: 25%) for UK deferred tax items, and 25% (H1 2021: 25%; FY 2021: 25%) in respect of US deferred tax items.

9 Earnings per share

Basic and diluted

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

	Half year 2022 $'000	Half year 2021 $'000	Full year 2021 $'000
Profit after tax	**33,374**	2,559	22,586

	Half year 2022 Number 000's	Half year 2021 Number 000's	Full year 2021 Number 000's
Basic weighted average number of shares	**28,070**	28,072	28,072
Adjustment for employee share options	**53**	65	68
Diluted weighted average number of shares	**28,123**	28,137	28,140

	Cents	Cents	Cents
Basic earnings per share	**118.90**	9.12	80.46
Diluted earnings per share	**118.67**	9.09	80.26

The basic weighted average number of shares excludes shares held in the 4imprint Group plc employee benefit trust. The effect of this is to reduce the average by 15,931 (H1 2021: 13,340; FY 2021: 13,888).

10 Dividends

	Half year 2022 $'000	Half year 2021 $'000	Full year 2021 $'000
Dividends paid in the period	**8,135**	-	4,134

		Cents	Cents	Cents
Dividends per share declared	- Interim	**40.00**	15.00	15.00
	- Final	**-**	-	30.00

Notes to the Interim Financial Statements

The interim dividend for 2022 of 40.00c per ordinary share (interim 2021: 15.00c; final 2021: 30.00c) will be paid on 16 September 2022 to Shareholders on the register at the close of business on 19 August 2022.

11 Employee pension schemes

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

The Group also sponsors a UK defined benefit pension scheme which is closed to new members and future accrual. The funds of the scheme are held in trust, administered by a corporate Trustee, and are independent of the Group's finances.

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 September 2019 and this has been updated on an approximate basis to 2 July 2022 in accordance with IAS 19. There have been no changes in the valuation methodology adopted for this period's disclosures compared to previous periods' disclosures.

The principal assumptions applied by the actuaries at 2 July 2022 were:

	Half year 2022	Half year 2021	Full year 2021
Rate of increase in pensions in payment	**3.10%**	3.10%	3.25%
Rate of increase in deferred pensions	**2.60%**	2.60%	2.75%
Discount rate	**3.55%**	1.80%	1.80%
Inflation assumption - RPI	**3.20%**	3.20%	3.35%
Inflation assumption - CPI	**2.60%**	2.60%	2.75%

The mortality assumptions adopted at 2 July 2022 imply the following life expectancies at age 65:

	Half year 2022 Years	Half year 2021 Years	Full year 2021 Years
Male currently aged 45	**22.3**	22.4	22.3
Female currently aged 45	**24.3**	24.2	24.2
Male currently aged 65	**21.3**	21.3	21.3
Female currently aged 65	**23.1**	23.1	23.0

The movement on the net retirement benefit asset, and the value of the gross scheme assets and liabilities, are shown in the Financial Review.

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

	Change in assumption	Change in defined benefit obligation
Discount rate	Decrease of 0.50%	+8.00%
Rate of inflation	Increase of 0.50%	+3.30%
Rate of mortality	Increase in life expectancy of one year	+3.70%

Notes to the Interim Financial Statements

12 Leases

The Group leases office and industrial space in facilities in Oshkosh. The additions during the period relate to a sub-lease for real estate entered as part of the acquisition of the screen-printing business (see note 7 for further information). The movement in lease liabilities in the period is shown below:

	2 July 2022	3 July 2021	1 Jan 2022
	$'000	$'000	$'000
At start of period	**12,089**	13,206	13,206
Additions	**111**	-	-
Interest charge	**176**	193	377
Lease interest payments – operating cash flow	**(176)**	(193)	(377)
Lease capital payments – financing cash flow	**(584)**	(554)	(1,117)
At end of period	**11,616**	12,652	12,089

13 Cash generated from operations

	Half year 2022	Half year 2021	Full year 2021
	$'000	$'000	$'000
Profit before tax	**43,913**	3,367	30,229
Adjustments for:			
Depreciation of property, plant and equipment	**1,757**	1,547	3,237
Amortisation of intangible assets	**216**	216	437
Amortisation of right-of-use assets	**683**	672	1,340
Loss on disposal of property, plant and equipment	**3**	-	-
Share option charges	**442**	321	602
Net finance cost	**70**	228	417
Defined benefit pension administration charge	**175**	172	340
Contributions to defined benefit pension scheme	**(2,202)**	(2,069)	(4,589)
Changes in working capital:			
Increase in inventories	**(2,167)**	(1,375)	(9,288)
Increase in trade and other receivables	**(18,587)**	(11,778)	(26,831)
Increase in trade and other payables	**25,336**	24,469	22,363
Cash generated from operations	**49,639**	15,770	18,257

14 Capital commitments

The Group had capital commitments contracted but not provided for in these financial statements of $4.1m in relation to embroidery machines and screen-printing equipment (3 July 2021: $1.49m; 1 January 2022: $nil).

15 Related party transactions

Transactions and balances between the Company and its subsidiaries have been eliminated on consolidation. The Group did not participate in any related party transactions with parties outside of the Group.

16 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 users' understanding of the business.

Definitions of the Group's APMs can be found on page 134 of the 2021 Annual Report.

Reconciliations of the *free cash flow* and *underlying operating cash flow* APMs to their closest IFRS measures are provided below:

	Half year 2022 $m	Half year 2021 $m
Net movement in cash and cash equivalents	**26.56**	12.91
Add back: Dividends paid to Shareholders	**8.14**	-
Less: Exchange (losses)/gains on cash and cash equivalents	**(1.05)**	0.13
Free cash flow	**33.65**	13.04

	Half year 2022 $m	Half year 2021 $m
Cash generated from operations	**49.64**	15.77
Add back: Contributions to defined benefit pension scheme	**2.20**	2.07
Less: Purchases of property, plant and equipment and intangible assets	**(2.44)**	(0.96)
Underlying operating cash flow	**49.40**	16.88

Statement of Directors' Responsibilities

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

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

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

The Directors of 4imprint Group plc are as listed in the Group's Annual Report and Accounts 2021.

By order of the Board

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

10 August 2022