

Half Year Results 2024



Highlights

Kevin Lyons-Tarr, CEO



Results Summary

Revenue

\$667.5m

↑ 5%

Operating profit

\$69.9m

↑ 10%

Basic EPS

194.3c

↑ 10%

Cash and bank deposits

\$121.5m

2023 FY: \$104.5m

2023 HY: \$74.5m

Interim Dividend

80.0c

2023 HY: 65.0c

Financial Review

David Seekings, CFO



Income Statement

	H1 2024	H1 2023		FY 2023
	\$m	\$m		\$m
Revenue	667.5	635.5	5%	1,326.5
Gross profit	214.0	193.3	11%	401.9
<i>Gross profit margin</i>	32.1%	30.4%		30.3%
Marketing costs	(87.4)	(77.3)	13%	(159.9)
Selling costs	(24.7)	(22.7)	9%	(47.2)
Admin & central costs	(31.0)	(28.5)	9%	(56.8)
Share option related charges	(0.9)	(0.5)	80%	(1.1)
DB pension admin costs	(0.1)	(0.5)	-80%	(0.7)
Operating profit	69.9	63.8	10%	136.2
<i>Operating margin</i>	10.5%	10.0%		10.3%
Interest	3.1	2.1		4.3
Pension finance income	-	0.1		0.2
Profit before tax	73.0	66.0	11%	140.7
Tax	(18.3)	(16.5)		(34.5)
Profit after tax	54.7	49.5	11%	106.2
Basic EPS	194.3c	176.2c	10%	377.9c

- Revenue +5%
 - US \$654.7m; UK \$12.8m
 - Revenue growth reflecting market conditions
- Gross profit +11%
 - Favourable movement in gross profit margin
 - Carefully targeted price adjustments
 - Manageable supplier cost increases
- Marketing costs +13%
 - Efficient and flexible marketing mix
 - Rev/mktg dollar \$7.64 (H1 2023: \$8.22)
 - Continued investment in brand element (TV)
- Selling costs +9%
 - Annualisation of large 2023 recruitment classes
 - Pay scales re-configured
- Admin/other overheads +9%
 - Investment in the business as it scales
 - More key hires in specialisms to add depth
 - Operational gearing will return over time
- Operating profit +10%
 - Operating margin percentage 10.5% (H1 2023: 10.0%)
 - Reflects business model resilience
- Net finance income
 - Interest on large cash balances
- Effective tax rate 25% (H1 2023: 25%)

Balance Sheet

	H1 2024	H1 2023	FY 2023
	\$m	\$m	\$m
Fixed assets	46.4	31.6	35.2
Right-of-use assets	11.0	12.3	11.4
Goodwill	1.0	1.0	1.0
Deferred tax assets	3.9	3.0	3.8
Retirement benefit asset	-	0.1	-
	62.3	48.0	51.4
Inventories	20.4	18.3	13.6
Receivables	74.7	81.4	68.4
Payables	(116.3)	(115.8)	(89.9)
	(21.2)	(16.1)	(7.9)
Current tax	(1.6)	(0.5)	0.4
Deferred tax liabilities	(1.2)	(0.4)	(1.6)
Cash and bank deposits	121.5	74.5	104.5
Lease liabilities	(12.0)	(13.0)	(12.3)
	106.7	60.6	91.0
Net assets	147.8	92.5	134.5

- Fixed asset additions include:
 - DC expansion - ~160,000 sq. ft.
 - Expanded solar array
 - Additional DTG, embroidery and screen-print equipment
- Right-of-use assets/liabilities relate to building leases:
 - Oshkosh/London offices
 - Appleton screen print facility
- Pension (retirement benefit asset)
 - Buy-in completed in June 2023
 - Substantially all remaining pension benefits insured
 - Eliminates inflation, interest rate and longevity risks
 - Plan to move from buy-in to buy-out in 2025
- Working capital
 - Core net negative balance
 - Clean and well managed
- Financial strength
 - Cash and bank deposits \$121.5m; no debt
 - Use of cash under regular review by the Board

Cash Flow

	H1 2024	H1 2023	FY 2023
	\$m	\$m	\$m
At start of period	104.5	86.8	86.8
Operating profit	69.9	63.8	136.2
Share option non-cash charges	0.9	0.5	1.1
Pension admin costs paid by the Plan	-	0.5	0.5
Depreciation and amortisation	2.3	2.3	4.7
Lease depreciation	0.8	0.8	1.7
Change in working capital	13.3	32.8	29.2
Capital expenditure	(13.4)	(3.5)	(9.7)
Underlying operating cash flow	73.8	97.2	163.7
Contributions to defined benefit pension	-	(2.1)	(6.5)
Interest	2.9	2.1	3.9
Tax	(15.8)	(16.5)	(33.8)
Own share transactions	(0.6)	(0.4)	1.4
Capital element of lease payments	(0.7)	(0.7)	(1.4)
Exchange and other	(0.5)	1.1	1.2
Free cash flow	59.1	80.7	128.5
Dividends to Shareholders	(42.1)	(93.0)	(110.8)
Net cash inflow/(outflow) in the period	17.0	(12.3)	17.7
At end of period	121.5	74.5	104.5

- Cash generative business model
 - Increasing operating profit
 - Efficient working capital profile
 - Cash conversion in H1 2024 of 106%
- Capex in H1 2024 includes:
 - DC expansion stage payments: \$10.8m
 - Addition to solay array: \$1.0m
 - DTG equipment: \$1.0m
- Pension buy-in:
 - No more deficit reduction contributions (previously \$3-4m per year)
 - Minimal administration expenses up to point of buy-out
- Tax payments rising in line with profitability
- Dividends
 - Interim and Final regular dividends increasing in line with capital allocation and balance sheet funding guidelines
 - \$42.1m cash dividends paid in H1 2024

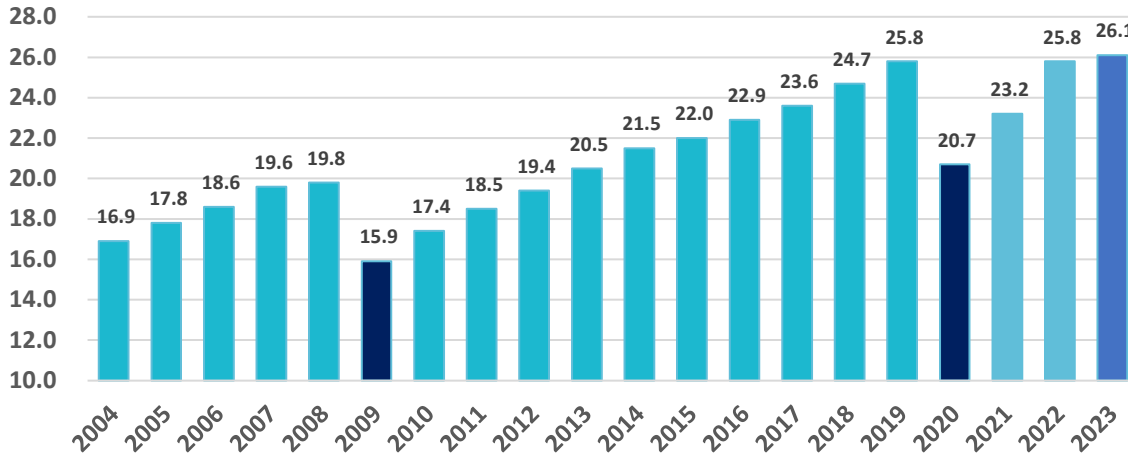
Operational Review

Kevin Lyons-Tarr, CEO



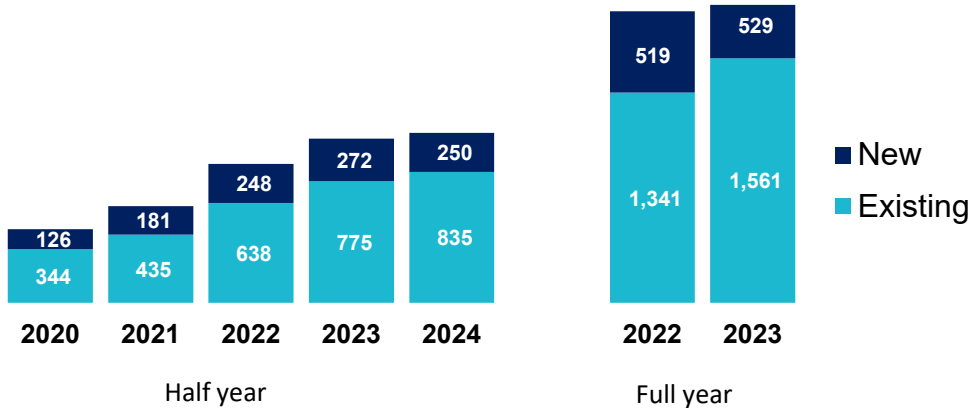
Market

ASI Industry Sales North America 2004 - 2023 \$bn



Source: ASI

No. of orders received ('000)



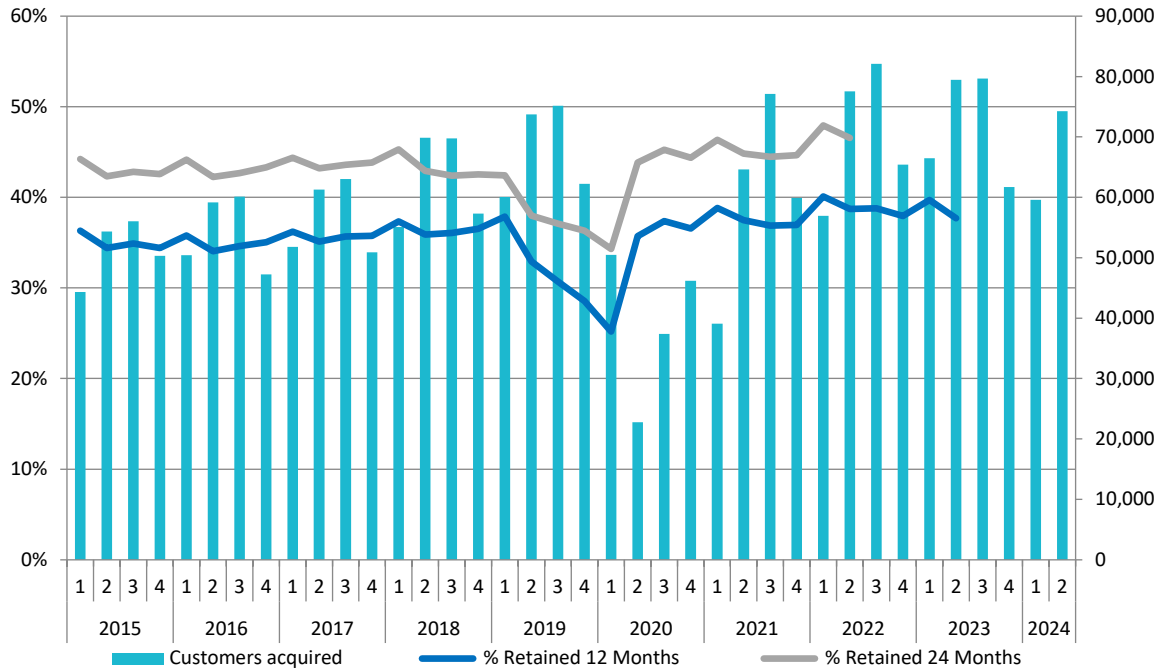
- Industry revenue in H1 2024 essentially flat vs H1 2023; \$910m below H1 2019
- 4imprint's share of total market in H1 2024 6.3% vs. 6.0% in 2023 and 3.4% in 2019
- Potential for industry growth to return later in H2 2024 as 2023 comparatives soften; although some volatility may remain due to macro-economic and US election news cycle

- More than 1 million orders received in H1 2024, 4% above H1 2023
- Average order value +2% vs H1 2023
- 145,000 new customers acquired in H1 2024, 158,000 during the same period last year
- 250,000 new customer orders received in H1 2024, 8% less than H1 2023
- Existing customer orders up 8% over H1 2023, representing a resilient retention performance and quality of customers acquired



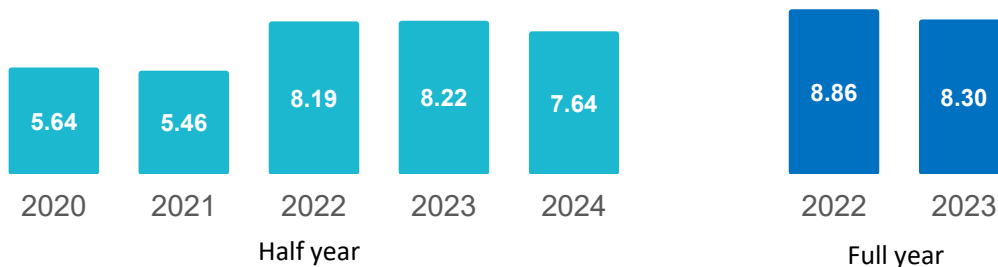
Marketing Effectiveness

US and Canada Acquired and Retained %



- Total marketing spend +13% at \$87.4m (H1 2023: \$77.3m)
- Revenue per marketing dollar KPI below H1 2023 but still well above pre-pandemic levels; decrease a reflection of the soft market and an element of testing to determine whether additional marketing spend would produce a worthwhile lift
- Marketing mix similar to PY; brand element remains largest component
- Latest brand awareness metrics very encouraging
 - Unaided moving towards 20%
 - Aided approaching 60%
- New customer acquisition remains challenging in the current environment
- Retention rates remained strong and consistent

Revenue per marketing dollar



Operational Update

Supply chain

- As was the case during most of 2023 the supply chain has continued to function without significant disruption or trailing effects of the post-pandemic recovery period.

Team

- The significant investment in people in 2023, largely in customer service and production resources, has positioned us well to handle order volume while providing the high level of service our customers require.
- As anticipated we have made investments in resource to further strengthen the team and provide a strong foundation for the future.

Apparel decoration capacity/capability increasing

- As planned, a second shift at our Appleton, WI screen-print facility was successfully implemented in H1 2024 to help increase capacity and preserve lead times during the busy Spring period.
- Additional embroidery, direct-to-garment and direct-to-film equipment added to support customer demand.

Operational Update (cont'd)

Distribution centre expansion nearly complete

- Project remains on time and on budget; completion anticipated September 2024.
- As part of the project the solar array has been expanded to ensure the level of renewable energy generated on site doesn't decrease as a result of the larger footprint.



Outlook

Based on our first half financial results and recent internal forecasts, the Board expects that 2024 full year Group revenue will reflect a growth rate similar to the first half of the year. As a result of improving financial dynamics in the business, particularly higher gross profit percentage and the flexibility of the marketing mix, it is expected that profit before tax for the 2024 full year will remain within the current range of analysts' forecasts.

The Board is confident in the Group's ability to manage through the current market conditions, blending resilient near-term financial results with attractive prospects for significant further organic growth over the medium term.



Appendices



2024 Full Year Financial Guidance

- Interim announcement 7 August 2024
 - Revenue ~ +5%
 - Profit before tax ~ \$150m
- 2024 Capex: c\$22.1m; includes \$16.2m in respect of DC expansion
- Depreciation charge (pre-IFRS 16): \$5.3m
- 2024 effective tax rate c.25% (2023: 25%)
- Share-based payment (IFRS2) charge \$1.4m
- Average shares in issue FY 2024: c.28.1m; fully diluted c.28.2m
- Interim dividend (to be paid September 2024): \$22.5m
- IFRS 16 (Leases)
 - Balance sheet (December 2024)
 - Right-of-use assets: \$10.1m
 - Lease liability: \$11.2m
 - Income statement (full year 2024)
 - Amortisation: \$1.7m
 - Interest: \$0.4m