4imprint Group plc

Annual Report & Accounts 2021

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 cultivating an authentic environment where our people are valued and empowered to do their best work.

Our priority is to attract and retain a diverse team, each member of which is committed to creating mutually beneficial, sustainable outcomes for all stakeholders and the environment, in turn protecting and strengthening the long-term interests of the Company and our Shareholders.

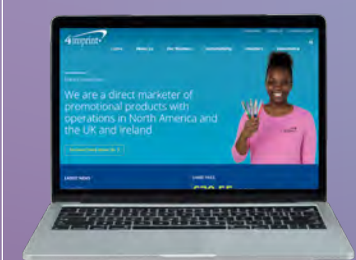
OVERVIEW

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION



Find out more online:
investors.4imprint.com

HIGHLIGHTS

Operational overview

- Strong trading recovery in 2021 after pandemic-impacted performance in 2020
- 1,429,000 total orders processed in 2021 (2020: 960,000); 263,000 new customers acquired in the year (2020: 173,000)
- Evolving marketing mix, including significant acceleration of brand component
- Complex and disruptive supply chain issues in the second half of 2021 resulting in elevated order backlog at year-end
- Commitment to $2m in capital expenditure in 2022 for clean energy solar project at Oshkosh distribution centre
- Strong financial position: cash balance of $41.59m; no debt
- Re-introduction of Shareholder dividends; Interim (paid): 15.00c; Final (proposed): 30.00c

Financial overview

REVENUE
$787.32m
+41%
2020: $560.04m

OPERATING PROFIT
$30.65m
+672%
2020: $3.97m

PROFIT BEFORE TAX
$30.23m
+687%
2020: $3.84m

CASH
$41.59m
+5%
2020: $39.77m

BASIC EPS
80.46c
+629%
2020: 11.03c

TOTAL PAID AND PROPOSED DIVIDEND PER SHARE (CENTS)
45.00c
2020: nil

TOTAL PAID AND PROPOSED DIVIDEND PER SHARE (PENCE)
33.82p
2020: nil

2021 is a 52 week period and 2020 is a 53 week period. See page 31.

AT A GLANCE

Delivering organic revenue growth

We are a direct marketer of promotional products with operations in North America, the UK and Ireland. From 2010 to 2019 we delivered a decade of uninterrupted market-beating organic revenue growth.

Revenue and profits were significantly impacted in 2020 by the effects of the COVID-19 pandemic, followed by an encouraging recovery in the Group's fortunes in 2021. We have a strategic objective to achieve $1bn in Group revenue.

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.

Our objective

Our aim is to return to our pre-COVID-19 trajectory of organic revenue growth by expanding our share in the still fragmented markets in which we operate. Our stated objective is to achieve $1bn in Group revenue. The original target date for achieving this target was 2022, although this may now be delayed depending on the pace of the recovery of the business from the effects of the pandemic.

Where we do it

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

NORTH AMERICA

Most of our revenue is generated in the USA and Canada, serviced from an office and a distribution centre in Oshkosh, Wisconsin.

REVENUE

$773.71m

98%

EMPLOYEES

1,162

December 2021

UK & IRELAND

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

REVENUE

$13.61m

2%

EMPLOYEES

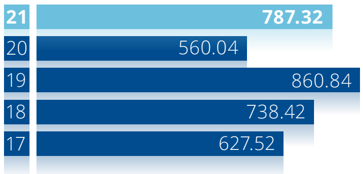
41

December 2021

Five year growth

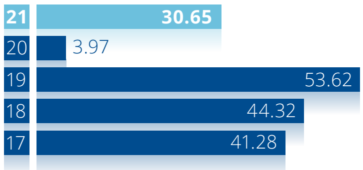
REVENUE

$787.32m



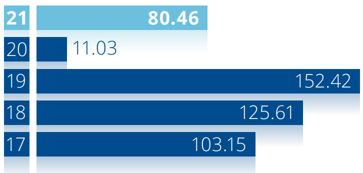
OPERATING PROFIT

$30.65m



BASIC EARNINGS PER SHARE

80.46c



How we do it

Our business operations are focused around a highly developed direct marketing business model. Organic revenue growth is delivered by using a wide range of data-driven, online, offline and brand-based marketing techniques to capture market share in the large and fragmented promotional product markets that we serve.

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 a robust satisfaction guarantee that our customers can rely on.

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 attractive customer experience, an efficient order processing platform and sophisticated data-driven analytics.

CHAIRMAN'S STATEMENT

Focused on recovery

Performance summary

Throughout 2021 we have been focused intently on the recovery of our business after the unprecedented trading environment seen in 2020. Although the true extent and impact of the pandemic is yet to be fully realised, the significant improvement in the demand profile and financial results during the year demonstrates the strength of the business model and gives continued confidence in the long-term prospects of the Group.

Given that the 2020 demand numbers suffered such material disruption from the effects of COVID-19, the most informative indicator to gauge the extent of the recovery in demand in 2021 is the 2019 comparative (the most recent 'normal' year). Total order count in the first half of 2021 was 79% of 2019 levels, rising to 101% in the second half and producing 90% of 2019 for the year. New customer acquisition was 88% of 2019, evidence of a very encouraging recovery of demand in the business.

Consequently, the financial results for 2021 showed a sharp improvement over prior year. Group revenue for 2021 was $787.3m, an increase of $227.3m or 41% over 2020. Profit before tax for the year was $30.2m (2020: $3.8m), resulting in basic earnings per share of 80.46c, (2020: 11.03c). The Group ended 2021 in a strong financial position, with a cash balance of $41.6m (2020: $39.8m).

Strategic direction

The Board is very pleased with the nature and extent of the Group's recovery from the COVID-19 pandemic. Our team's clear and deliberate actions have been informed at all stages by a desire to protect the long-term prospects of the business by staying true to our culture and in so doing reinforcing our strategic objectives.

Our team members throughout the entire organisation are at the heart of our culture. It was therefore natural to pursue a people-led approach through the pandemic. This has resulted in direct benefits in employee retention in difficult labour markets, and will also be important as we look for new opportunities to enhance our culture and customer service capabilities based on the team's experience with remote working and flexible scheduling.

We have continued to work very closely with our supplier partners in the year. These long-standing and innovative relationships remain crucial in enabling us to navigate the complex and evolving supply chain issues resulting from the pandemic, and in facilitating the future development of our product range.

Our business model is founded on an effective and efficient marketing engine. We believe that our team has been able to take advantage of extremely difficult market conditions by making bold moves in re-shaping the marketing mix. It is clear that we have been able to accelerate change, particularly in building the prominence of the 4imprint brand, that might otherwise have occurred over a longer timeframe.

In combination, these decisions and actions taken in 2021 have contributed materially to the improving financial performance of the Group and remain fundamental to our strategy.

ESG

The team has made significant progress in 2021 in the further development and execution of the Group's ESG agenda. Highlights include our certification as a *CarbonNeutral*® company and the development of our recently introduced *better choices*™ sustainable product initiative.

Board

John Warren retired from the Board at the AGM in May 2021. He was succeeded as Chair of the Audit Committee by John Gibney, who had been appointed to the Board on 8 March 2021.

In addition, I am delighted that we were able to strengthen significantly the depth and diversity of the Board through the appointment, on 1 September 2021, of two new Non-Executive Directors. Jaz Rabadia MBE brings extensive experience in energy management and sustainability. Lindsay Beardsell brings a wealth of domestic and international commercial experience in combination with her public company background in legal and governance matters.

Dividend

We reintroduced dividend payments at the half year, when the Board declared an interim dividend of 15.00c per share (2020: nil). In view of the Group's financial 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 30.00c (2020: nil), giving a total paid and proposed 2021 dividend of 45.00c (2020: nil).

"Trading results in the first few weeks of 2022 have been encouraging."

Outlook

The recovery in the Group's financial performance in 2021 has been very encouraging. Most importantly, it was driven by decisions and actions fully aligned with the Group's strategy, culture and focus on the sustainability of the longer-term health of the business.

Challenges continue with regard to the ongoing pandemic, supply chain disruption and inflationary pressures. However, the Group has a clear strategy and is financially strong. Our business model is flexible and resilient and our market opportunity remains attractive.

Trading results in the first few weeks of 2022 have been encouraging.

PAUL MOODY
CHAIRMAN
15 March 2022

CHIEF EXECUTIVE'S REVIEW

Stronger and more focused than ever

Performance overview

In the first half of 2021 we saw a continued recovery in demand for our products after the severe downturn in 2020 directly caused by the COVID-19 pandemic. Despite the complications caused by new virus variants, severe supply chain disruption in the fourth quarter and other lingering effects of the pandemic in the second half of 2021, significant further progress was made on the road to recovery.

Throughout the year our team members responded in typical fashion to meet the ongoing challenges resulting from the pandemic. Their 'can do' attitude, empathy and resilience has been essential in allowing us not only to deal with daily challenges but equally to look forward to future opportunities.

Revenue	2021 52 weeks $m	2020 53 weeks $m	
North America	**773.71**	549.87	+41%
UK & Ireland	**13.61**	10.17	+34%
Total	**787.32**	560.04	+41%

Operating profit	2021 52 weeks $m	2020 53 weeks $m	
Direct Marketing operations	**34.54**	7.56	+357%
Head Office costs	**(3.89)**	(3.59)	+8%
Total	**30.65**	3.97	+672%

Due to heavily disrupted trading patterns in 2020, we have found that the most informative comparative against which to assess current year demand performance is the last 'normal' year, 2019. Demand activity in January and February was relatively quiet, with total orders received running at an average of 65% of 2019. By the half year orders were up 79% year to date against 2019, evidencing the beneficial effect of vaccine rollouts and the easing of restrictions in our primary US market. Total orders in the second half were 101% of 2019 levels, leaving counts for the full year at 90% of the same comparative.

In total 1,429,000 orders were received from both new and existing customers in 2021 (2019: 1,587,000; 2020: 960,000). It is encouraging that we have continued to acquire new customers at a relatively steady rate throughout the pandemic. In 2021 we acquired 263,000 new customers (2019: 297,000; 2020: 173,000). It is also a good sign that customers acquired during the pandemic have demonstrated typical retention rates, indicating that they are within our target profile. The average order value has remained higher than historical comparatives through 2021.

This improving trading environment during the year resulted in gains in year-on-year financial performance. Group revenue for 2021 was $787.32m, a gain of 41% over the prior year. Operating profit for 2021 of $30.65m (2020: $3.97m) is a clear demonstration of the progress made by the business in the year.

The Group has remained financially strong throughout the pandemic and had a cash balance of $41.59m at the 2021 year-end, demonstrating the flexibility of our direct marketing business model.

Operational highlights

In 2021 we made several key decisions and took various actions that have been central to the encouraging revival of the Group's fortunes. We are confident that these choices reflect 4imprint's culture and values and were made with an eye to securing the Group's long-term future.

- **People.** From the start of the pandemic we have pursued a people-led approach. The health and safety of our team members has remained paramount, and we have consistently observed best practice COVID-19 related protocols. Further, we are in no doubt that, in a business based on delivering excellent service, our team members are a crucial element of our success. As such, we have invested in the retention of our people as a top priority since the early days of the pandemic. Apart from being simply the right thing to do, this approach has delivered tangible benefits in recent months as we have retained the necessary resource to deal with the recovering demand levels as the year progressed, particularly at a time of serious labour constraints in our North American markets.
- **Flexible working.** The vast majority of our office-based team members have been working from home from the early weeks of the pandemic. This has allowed us to make considerable progress in testing new working practices, rolling out the necessary computer solutions and considering future options in the context of our developing experience with remote working and flexible scheduling. Our aim is to learn from the lessons this experience has offered to enhance our culture and therefore our competitive position for the future.
- **Supply.** In 2021 we tested the strength and depth of the relationships with many of our key suppliers in a very challenging environment of supply chain disruptions. Early problems revolved around managing production difficulties caused by lockdowns, and a changing product mix. From around August 2021 onwards new challenges emerged around global logistics, freight costs, inventory availability and the difficulty and increased cost of finding production labour to keep up with recovering demand. This has placed severe strain on our operations, resulting in a significantly higher than usual order backlog at the year-end. Most recently, these factors have caused inflationary pressure on product cost to feed through from suppliers. We continue to work to help mitigate the resulting margin pressure, including careful pricing adjustments balancing near-term margin, customer retention, brand values and the market opportunity.
- **Marketing.** Prior to the pandemic we had already made great progress in our strategic initiative to significantly evolve our marketing portfolio through the introduction of a brand awareness pillar. From the start we believed that this represented an opportunity to strengthen the business for the long-term and also to provide more flexibility than was available in our previous marketing mix. The pandemic provided the opportunity to be bold; indeed we have aggressively re-calibrated the marketing portfolio through the crisis. At the start of the pandemic the flexibility of the new portfolio allowed us to dramatically reduce costs as order volumes plummeted by substantially reducing our print (direct mail) element, simultaneously taking

CHIEF EXECUTIVE'S REVIEW CONTINUED

full advantage of the reduced cost of brand marketing. Our increasing investment in brand awareness prior to, and during the pandemic has also helped us to take full advantage of the recovery by staying 'front of mind' with prospective and existing customers. As a result, in 2021 we took the opportunity to accelerate strategic changes in the marketing mix (primarily increasing the brand and decreasing the print components) that typically would have occurred over a longer timeframe. The results we have seen so far in the recovery phase give us confidence that these changes leave our marketing engine in good shape and ready to power the business in the years ahead.

ESG

We continued to make progress in our ESG initiatives in 2021, particularly with regard to environmental matters. Our Environmental Committee has met monthly to monitor and steer a number of exciting projects, including:

- Working to understand further and audit the Scope 1 and Scope 2 carbon footprint of our operations, as well as selected Scope 3 elements material to our business, most notably transportation.
- Progressing existing carbon reduction projects, for example completion of the rollout of LED lighting in all of our operational facilities.
- Achievement in October 2021, well ahead of schedule, of the *CarbonNeutral*® company certification from our external consultant Natural Capital Partners.
- Our *better choices*™ initiative, a broad review of our product range and how it is presented on our website with the aim of providing our customers with easy access to as much information and product variety as possible to enable them to consider choices based on verified sustainability criteria.
- Our recently announced project to install a 1MW solar array at our Oshkosh distribution centre.

Further details are set out on pages 20 to 29 in the Sustainability section of the Strategic Report.

Looking ahead

Our view is that the many challenges introduced by the COVID-19 pandemic have presented an opportunity for 4imprint to become stronger and more focused than ever. We are realistic; the residual impacts of the pandemic will continue to be felt in various ways for some time to come. However, the encouraging trading momentum that was built over the course of 2021 validates that our strategy remains fully relevant, and that our markets are attractive and ready to be addressed via our agile and resilient business model.

KEVIN LYONS-TARR
CHIEF EXECUTIVE
15 March 2022

"Our view is that the many challenges introduced by the COVID-19 pandemic have presented an opportunity for 4imprint to become stronger and more focused than ever."

STRATEGIC OBJECTIVES

Building a commercially and environmentally sustainable business that delivers value to all stakeholders

OBJECTIVES

- To protect and enhance the 4imprint brand as synonymous with the principles and values that it represents
- To deliver the extraordinary customer service required to acquire and retain the customer relationships that support long-term value creation
- To curate and preserve a distinct and diverse culture that develops, empowers and values team members
- To embrace environmental initiatives tailored to achieve maximum impact in the context of our business and operations
- To maintain collaborative and mutually beneficial relationships with our supplier partners, grounded in clear social and ethical expectations
- To support, participate in and give back to our local communities

KEY ENABLERS

- **Relentless focus on excellence in customer service**
- **Culture guided by application of the 4imprint Compass and 'The Golden Rule'**
- **Investment in environmental initiatives, and setting of clear and measurable performance targets**
- **Clear social and ethical policies and expectations**
- **4imprint Supply Chain Code of Conduct**
- **Charitable giving programme and encouragement of all team members to volunteer or otherwise participate in their local communities**

KPIs (SEE PAGES 12 AND 13)

- **Year-over-year ("YOY") revenue growth**
- **24-month customer retention**

STRATEGIC OBJECTIVES CONTINUED

Market leadership driving organic revenue growth

OBJECTIVES

- To establish 4imprint as 'the' recognised promotional products brand within our target audience
- To be the leading direct marketer of promotional products in the markets in which we operate
- To expand share in fragmented markets through sustained investment in a diversified, evolving marketing portfolio
- To drive organic revenue growth to achieve our target of $1bn in Group revenue

KEY ENABLERS

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

KPIs (SEE PAGES 12 AND 13)

- **YOY revenue growth**
- **Number of orders received**
- **24-month customer retention**
- **Revenue per marketing dollar**

Cash generation and profitability

OBJECTIVES

- 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**

KPIs (SEE PAGES 12 AND 13)

- **Revenue per marketing dollar**
- **Operating margin**
- **Cash conversion**

Effective capital structure

OBJECTIVES

- 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 meet our legacy defined benefit pension commitments as they fall due

KEY ENABLERS

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

KPIs (SEE PAGES 12 AND 13)

- **Cash balance**
- **Return on average capital employed**
- **Pension asset/(deficit)**
- **Total Shareholder Return ("TSR")**

Shareholder value

OBJECTIVES

- 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**

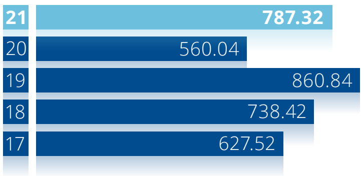
KPIs (SEE PAGES 12 AND 13)

- **Basic earnings per share**
- **Dividends per share**
- **Total Shareholder Return ("TSR")**

KEY PERFORMANCE INDICATORS

REVENUE GROWTH ($m)

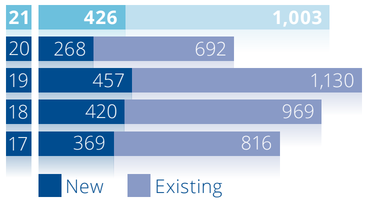
$787.32m +41%



Year-over-year revenue growth gives the clearest measure of progress towards our target of $1bn in Group revenue. The pandemic halted the Group's record of organic revenue growth in 2020, however 2021 saw a strong return to growth as markets recovered.

NUMBER OF ORDERS RECEIVED (000s)

1,429 +49%



Orders received (demand) 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.

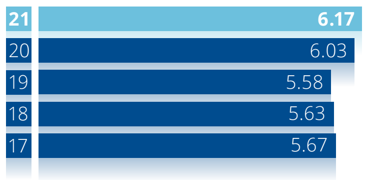
24-MONTH CUSTOMER RETENTION (%)

37.9%

The 24-month customer retention rate offers visibility as to the broad stability and strength of the Group's customer file. After several years of stability the negative impact of the pandemic is clearly visible in the most recent 24-month retention number.

REVENUE PER MARKETING DOLLAR ($)

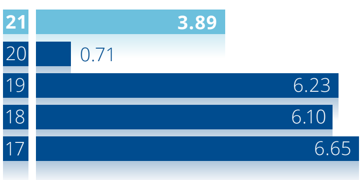
$6.17



Revenue per marketing dollar gives a measure of the productivity of our investment in marketing. In prior years a gentle year-over-year reduction in this KPI was typical, in keeping with the nature of marketing yield curves. 2020 and 2021 did not follow this pattern with revenue per marketing dollar rising as a result of shifts in the marketing mix in response to adverse market conditions.

OPERATING MARGIN (%)

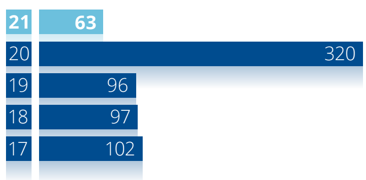
3.89%



Operating margin % shows the profitability of the Group's trading operations. Clearly this KPI was hit hard in 2020 by the impact of the pandemic but showed strong recovery in the 2021 financial year. Our short to medium-term goal would be to return the operating margin % to levels at or approaching those achieved pre-pandemic.

CASH CONVERSION (%)

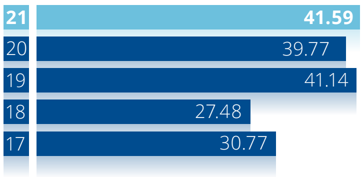
63%



Cash conversion measures the efficiency of the 4imprint business model in the conversion of operating profits into operating cash flow. Pandemic-related disruption caused 2020 conversion to be higher than normal, whereas supply chain pressures in the fourth quarter of 2021 caused an untypical build in working capital at the year-end.

CASH BALANCE ($m)

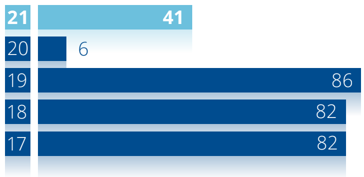
$41.59m



Our balance sheet funding guidelines call for the business to aim for a target net cash balance at the end of each financial year. This KPI reflects the Group's performance in managing its cash resources relative to its capital allocation priorities. In the last two years it has also demonstrated the resilience of the business model, even in times of severe economic stress.

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

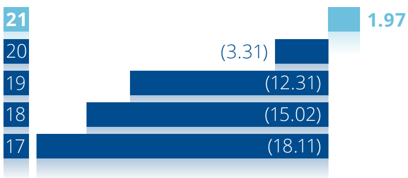
41%



This KPI shows the Group's efficiency in the use of its capital resources. It is influenced by profitability, working capital management and productive capital investment. ROACE was depressed in 2020 due to pandemic-related lower profits, recovering somewhat in 2021 with improved profits, offset by working capital build around the year-end.

PENSION ASSET/(DEFICIT) ($m)

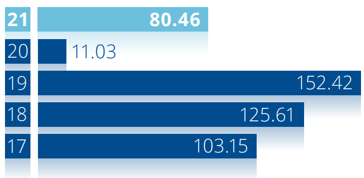
$1.97m



This KPI demonstrates the substantial efforts made in recent years in the de-risking of the Group's legacy defined benefit plan. A milestone was passed in 2021 as the IAS19 net balance moved from deficit to surplus in the year, on course for our aim of eventual full buyout funding of the plan.

BASIC EARNINGS PER SHARE ("EPS") (c)

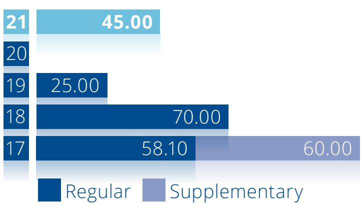
80.46c



EPS growth over time gives a clear indication of the financial health of the business and is a key component in the delivery of Shareholder value. This KPI has recovered significantly in 2021 after a substantial disruption in profitability in 2020.

DIVIDENDS PER SHARE ("DPS") (c)

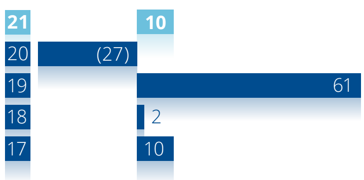
45.00c



DPS provides a tangible measure of the delivery of Shareholder value. Dividend payments were cancelled in 2020 to maintain liquidity during the pandemic. 2021 has seen a return to both Interim (paid) and Final (proposed) dividends.

TOTAL SHAREHOLDER RETURN ("TSR") (% in year)

10%



Our aim is to deliver consistent performance and attractive TSR. The negative TSR in 2020 was driven by a falling share price and dividend cancellations as a result of the pandemic. The positive TSR for 2021 reflects recovery in the share price and a return to dividend payments.

MARKET POSITION

Market leadership driving organic revenue growth

An essential element of the 4imprint strategy is the objective to achieve a market leadership position in the markets we serve through organic revenue growth. We aim to establish 4imprint as **'the'** recognised brand for promotional products, driving the aspiration that our organic revenue growth profile will significantly outpace the overall growth rate of the industry.

4imprint is one of the largest distributors in the US promotional products industry according to the rankings of both PPAI and ASI, the leading industry trade bodies. In the ASI annual rankings by revenue for the 2020 financial year 4imprint was the third largest distributor in North America, with revenue of $550m. This reflects the negative effect of the pandemic on the 2020 results, and compares to pre-pandemic 2019 revenue of $839m, when 4imprint was at the top of the ASI rankings. We do not expect the 2021 list to be available until after the date of this report.

Our proposition

Our customers can be **certain** that our team and our products will meet their expectations, every time:
Certain delivery: It's on time or it's on us. If your event is missed because we didn't ship on time, your order is free.
Certain value: If you find, within 30 days of purchase, that your order would have cost less elsewhere, let us know and we'll refund double the difference.
Certain happiness: If you're not 100% satisfied with your order, we'll pay to pick it up and rerun it or refund your money – your choice.

Our 360° Guarantee® promises free samples, complementary art assistance and personal, expert service on every order. We aim to take away the worry, making 4imprint the trusted right hand minding the details every step of the way.

"Promotional products are purchased by a wide range of individuals within all types of businesses and organisations."

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.

Where we do business

We operate in two primary geographical markets:

- *North America:* Market size estimates have been quite volatile as the pandemic progressed, however the US and Canadian promotional products markets together are estimated to total over $20bn in annual revenue. We serve these markets from a centralised base in **Oshkosh, Wisconsin.**
- *UK & Ireland:* The UK and Irish promotional products market size was estimated by industry sources in 2021 to be around $1.0bn, down from a high in 2019 of an estimated $1.5bn. Our office serving these markets is in **Manchester, UK.**

The marketplace for promotional products is fragmented. The US industry trade body, PPAI, has produced estimates that our largest market, the USA, is served by just under 26,000 distributors, of whom fewer than 1,000 have annual revenue of more than $2.5m. The distribution structure is similar in the Canadian and UK/Irish markets.

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.

MARKET POSITION CONTINUED

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 updated and curated by an experienced merchandising team.

Our top ten 'Supergroup' product categories by sales volume in 2021 are set out below. Movements from the 2020 and 2019 comparatives are provided to illustrate the different effects by category of the COVID-19 pandemic.

Supergroup 2021	+/- vs. 2020	+/- vs. 2019
Apparel	+53%	+20%
Bags	+51%	-7%
Drinkware	+70%	+0%
Writing	+32%	-29%
Outdoors & Leisure	+96%	+9%
Wellness & Safety	-11%	+47%
Stationery	+49%	-20%
Auto, Home & Tools	+45%	-13%
Technology	+32%	-41%
Trade Show	+55%	-30%

Product trends

Clearly the pandemic had a significant impact on the performance of the product range in both comparative years. As we have adapted and business has rebounded, nearly all categories have experienced growth against 2020, albeit with the degree and speed of recovery varying significantly between categories. In general, many of the category and material trends that were evident pre-COVID have continued, for example growth in metal/vacuum drinkware and the appeal of co-branding with well-known consumer branded products such as Camelbak or Nike.

- Apparel, our largest category, has been a highlight throughout. Demand activity in 2021 was robust, running significantly higher than 2020 levels and 20% above the 2019 base year.
- The bag category has recovered well but in 2021 was still 7% below 2019 in demand.
- Drinkware volumes demonstrated a very healthy recovery in 2021, with a 70% increase over the low in 2020, and overall demand back to 2019 levels for the full year.
- Although recovering in 2021 against prior year, Writing is a mature category as evidenced by the 29% decrease against 2019 volumes.
- Outdoors & Leisure was 96% up over 2020, and 9% above 2019, showing benefit from evolving patterns of demand in this category.
- Both the Technology and Trade Show categories, although recovered somewhat from the impact of the pandemic, are still well below volume running rates from 2019. Assuming some respite from the pandemic, demand for products in these categories should continue to improve looking ahead.
- COVID-related products such as hand sanitiser (Wellness & Safety) and face masks (Apparel), have declined in volume relative to 2020 but are holding their strong performance significantly above 2019 levels.

4imprint 'Own Label' brands

Over the last few years 4imprint has developed, and continues to evolve, its own exclusive 'in-house' brands to fill gaps 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. Further expansion of the range has included outdoor chairs and additional outerwear, including 'puffer' style jackets and vests. Growth has been driven by newer categories such as drinkware and blankets, with the Crossland® brand as a whole above 2019 levels. Development work has taken place to identify recycled fabric options for core fleece jackets and blankets which are due to be launched in 2022.

reFresh®

The exclusive reFresh® brand was launched in 2017 with a core line of affordable water bottles in a variety of designs and colours. Through 2019, the brand evolved to include competitively priced, brightly coloured tumblers and travel mugs. In late 2020 new metal drinkware items were added to the brand to become leading products in their respective sub-categories: a single wall aluminium bottle, a double wall vacuum bottle and a double wall wine tumbler. The reFresh® brand has returned to significant growth in 2021 after being negatively affected in 2020 as event cancellations impacted lower price point drinkware. Newer metal and vacuum options introduced in 2020 created strong growth. In addition, we have identified recycled resins suitable for manufacturing lower end plastic bottles, with the coloured options launched late in 2021.

TaskRight®

Launched in spring 2020 with a range of notepads and sticky pads, the TaskRight® brand is a line of everyday stationery products. This brand began to take off in 2021 as the stationery category recovered.

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. Our business model is very well-established and has proved to be flexible and resilient during the COVID-19 pandemic.

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; brand increasingly important.**
- **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

1

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

4

2

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™

3

'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

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.

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.

SEE PAGE 15

Team members

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

SEE PAGES 21 TO 23

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.

SEE PAGES 23 AND 24

Community

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

SEE PAGE 23

Pension Plan Trustee and members

We stand firmly behind our legacy defined benefit pension scheme obligations.

SEE PAGE 32

Details of engagement with stakeholders are on pages 44 to 47, covering the Directors' duties under section 172 (1) Companies Act 2006.

SUSTAINABILITY

A principled approach to corporate responsibility

Our approach to sustainability

We have a long-standing, principled approach to corporate responsibility. Our culture and values encourage responsible practice at all levels of the organisation and present clear guiding principles that drive ethical interactions with, and outcomes for, all key stakeholders.

The Board believes that these principles and values are entirely consistent with our primary strategic objective (see page 9) of building a commercially and environmentally sustainable business that represents the cornerstone of 4imprint's future success.

Our sustainability agenda focuses on four pillars, each one built on robust and ethical business practices:

- **People and culture**
- **Social and community**
- **Ethical supply and practices**
- **Environmental**

People and culture

Our second strategic objective (see page 10) 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.

Further, our culture is based on the **'Golden Rule': treat others as you would wish to be treated yourself.** This mindset is evident across the four pillars of our sustainability agenda through team members who go above and beyond every day to help each other, to provide remarkable service and to give back to their communities because they know and believe that it is the right thing to do.

People first

We are in no doubt that our team members are our most important asset. As such it was natural that we would pursue a people-led approach throughout the COVID-19 pandemic, despite the very severe initial effect on our trading operations.

An encouraging recovery in trading has taken place, but subsequent virus variants mean that the threat of COVID-19 has remained, therefore the immediate health and safety of our team members has endured as our top priority. This overriding commitment to the wellbeing of our people is illustrated by the fact that a large proportion of our office-based team members are still working from home.

Crucially, at the start of the pandemic we resolved not to lay off any of our team members, staying true to the culture that has been essential to our success over many years. Although it involved an element of short-term investment, this approach has paid back handsomely in allowing us not only to retain existing team members to take care of recovering trading activity, but also in enhancing 4imprint's reputation in our communities, thereby allowing us to attract new talent in extremely tough local labour markets.

Communication and participation

The spread of the pandemic and its consequences have meant that the well-established and popular 'in-person' quarterly updates on business objectives and performance have not been possible. In consequence, these quarterly meetings have been replaced by more regular, detailed and informative written updates from the CEO or UK General Manager as well as other leaders in the business. These updates have offered timely assurance about the performance and recovery of the business, as well as providing detail and context around pandemic-related safety requirements and protocols.

Compensation and benefits

In 2021 we were able to return to pay increases after a year of pandemic-induced wage freezes. This included an important re-basing of the starting/lower end of the wage scale.

All team members are eligible to participate in a quarterly 'gain share' bonus plan that is based on the achievement of tangible, clearly communicated performance targets. In 2020 and the first half of 2021, financial challenges driven by economic circumstances meant that no 'gain share' bonus was paid. In line with the recovery of the business, we are very pleased that 'gain share' payments were re-

> "Our culture and values encourage responsible practice at all levels of the organisation."

SUSTAINABILITY CONTINUED

introduced in the second half of 2021 in the light of the much-improved financial performance of the business.

Our competitive benefits package includes paid time off and strong medical, dental and retirement plans. We also offer resource aimed at personal financial wellbeing through online classes and access to appropriate advisers, for example retirement planning specialists. We have been very careful not to dilute the benefits package despite the financial effect of the pandemic.

Training and development

We have always believed in the value and benefits of personal and professional development. Whilst we have still not returned to in-person classes and seminars, we have transferred the majority of our classes online, enabling remote participation in training sessions. In addition, we revamped our online course curriculum and compiled almost 100 new online classes covering a wide variety of topics. In the COVID-19 environment, we found out that team members were struggling with more current issues like health and safety measures and getting used to working from home, so our training team developed a series of online courses to make working remotely less challenging.

In the last two years, we have offered over 25 company-wide 'Exploring Diversity' classes addressing issues of social prejudice, racism, harassment, and exclusion in the workplace. These classes were mandatory for all associates. Since we are growing steadily and regularly adding new team members, we plan to offer the 'Exploring Diversity' classes regularly. We have received very appreciative feedback from team members on topics such as inclusion, empathy, and collaboration, which are key elements in our work culture.

We encourage our team members to live healthier lives, and this focus on wellness aims to make healthy living easy and convenient. Since we are not yet able to restart our onsite exercise classes, we added a number of online yoga and exercise classes that team members can participate in from the convenience of their home. We have also partnered with our Employee Assistance Program ("EAP") to offer short, on-site visits with an EAP counsellor once per month. The 15-minute visits are designed to get to know EAP counsellors, find out more about EAP, or see if you have an issue appropriate for EAP.

For the past twelve years our DiSC programme has been one of our most successful training courses. DiSC is a workplace behavioural assessment consisting of an online survey and a two-hour class. Based on the survey, team members are aligned with one of four groups with distinct behavioural and communication styles, outlining personal strengths and challenges and offering suggestions on how to better interact and communicate with the different styles. We continue to offer the DiSC programme for all new hires as well as subsequent DiSC refresher sessions where we bring in the entire team and manager.

Due to the current pandemic our training programmes will continue to be offered online and in webinar format, but we are hoping to be able to resume in-person training activities in the summer of 2022. New training initiatives that we are planning on introducing are a series of Financial Wellness classes, Leadership Book Discussions, Safety classes, Cyber Security classes, Manager DiSC training, and expanding our Diversity & Inclusion curriculum.

Diversity, Equity and Inclusion ("DEI")

We have a clear approach to DEI that is directly in accordance with the culture and values that 4imprint has cultivated over a period of many years. The Group's DEI principles can be found on our IR website at http://investors.4imprint.com.

We understand the importance and beneficial effect of diversity within our Group. We believe that remarkable teams include a wide range of unique individuals, and that bringing these individuals together around a shared set of guiding principles contributes directly to our success as a business. As such, DEI is an important part of our training and development efforts (see above).

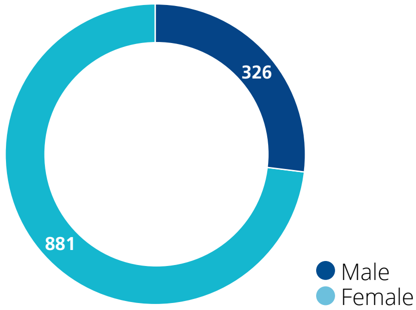
We aim to foster a culture that recruits, develops and promotes team members regardless of background. We are committed to the principle of equal opportunity in employment, and no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender identity, marital or civil partner status, sexual orientation, religion, race, ethnicity or disability. Further, we do not tolerate discrimination against or harassment of team members or others.

We are committed to working with team members with disabilities to find roles or reasonable accommodations that enable them to meet the responsibilities of their role.

Gender representation

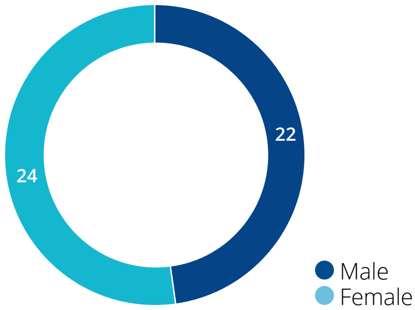
HEADCOUNT

Permanent and temporary employees



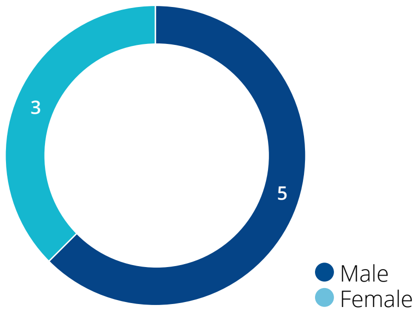
MANAGEMENT

Employees who operate at a senior level in the Group



BOARD

4imprint Group plc Board members



At 1 January 2022 the Group employed 1,207 team members, split between female (881) and male (326).

The Group continued to show encouraging gender diversity at management level in the Group, (as defined in the FTSE Women Leaders Review), with 52% female representation at the management level.

The gender diversity of the Board of 4imprint Group plc improved during the year, with 37.5% female representation from September 2021 onwards.

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 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 perspective through working closely with external specialists and loss control experts from our property and casualty insurance carriers.

We have an extensive employee wellness programme, including an on-site medical clinic at both sites in the US operation. We have continued to expand our health services to include a nurse practitioner, registered nurse, occupational therapist, and other resources such as nutrition and health coaches. These professionals are available to deal with a wide range of medical issues and needs. As well as increasing productivity and being cost-effective for the company, the wellness programme offers great convenience and has proved very popular with employees: basic medical services such as COVID/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. All on-site medical services are available for free to our team members.

Social and community

Community involvement and volunteering

4imprint is a strong supporter of involvement in our communities. We continue to encourage our team members to become involved with local volunteer causes. Paid time off is available to our team members to be used specifically for volunteering for a local charity or non-profit organisation of their choice. In 2021, despite the ongoing restrictions and complications caused by COVID-19, our team members gave 1,447 hours of their paid time and countless hours of their own time to schools, religious organisations, clubs, non-profit organisations and other special events.

Some examples of community involvement are:

- Under normal circumstances, 4imprint is actively involved in its local communities in many 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. These activities have been largely curtailed due to the pandemic, but we are hopeful that 2022 will see the return of such opportunities.
- In 2021 a group of team members from Oshkosh were able to use some of their volunteering paid time off to assist with annual site preparations including general clean-up and planting native species at the nearby Heckrodt Wetland Reserve.
- Another community activity in 2021 was the annual Oshkosh Celebration of Lights. As well as 4imprint being a major sponsor of the event, our eager volunteers were able to prevail over the pandemic and use volunteer hours to ensure the smooth running of the event.

Charitable giving

The 4imprint culture, values and principles are expressed through the enduringly popular 'one by one®' charitable giving programme operated in our North American business. Each business day we aim to donate an average of five $500 grants to non-profit organisations. These grants are to be used on promotional products to help the recipients spread the word, recruit volunteers, thank donors and generally make their communities a better place. Over 1,200 grants were awarded in 2021, with a value of nearly $1.8m, reflecting a return to a variation of normality. In 2020 (750 grants) many events were cancelled during the unprecedented challenges presented by COVID-19.

In addition to 'one by one®', we also distributed over 1,500 donations of product from inventory to businesses, team members, customers and troops doing fundraising activities.

Ethical supply and practices

Supply chain

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.

That said, we are acutely aware that our end-to-end supply chain is long and complex. Depending on the products, it can extend 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

4imprint team members volunteer at nearby Heckrodt Nature Preserve

4imprint sponsor and volunteer at the annual Oshkosh Celebration of Lights

SUSTAINABILITY CONTINUED

make that impact positive from a social, economic and environmental perspective.

The direction is set by the Board in its Social & Ethical Principles Statement which can be found at http://investors.4imprint.com. This statement sets broad guidelines within which the Group should conduct its business operations in accordance with best practice, in compliance with relevant legislation and respecting 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 Organization's 'Declaration on Fundamental Principles and Rights at Work' and is fully aligned with the Fair Labor Association'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; and who commit to ensuring safe working environments where employees are adequately compensated and respected. These ethical sourcing expectations are communicated and reviewed through our document '4imprint Supply Chain Responsibility and Compliance Expectations'. Signature of this document reaffirms the supplier's commitment to these principles within their own organisation and supply base.

Such principles have taken on additional importance and meaning in the last couple of years as we have worked to ensure that the health and wellness of our suppliers' employees is appropriately considered before restarting business operations after lockdowns and disruptions.

The monitoring and development of our supply chain (tiers 1 & 2) continues to form an important part of our business. Although COVID-19 has continued to present challenges to the arrangement and extent of our supply chain auditing programme, we have performed a mix of virtual and on-site audits during 2021. Elevate continues as our lead auditing firm for both North America and offshore.

We consider that training and education, for our own teams and those of our suppliers, forms an important part of our supplier-focused activities. 4imprint supply chain professionals continue to lead the work of our US trade association (Promotional Products Association International) in supply chain management, driving education and collaboration in our industry's supplier network.

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.

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 it is our policy that all workers 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 & ethical principles are available at 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 employees and workers of 4imprint regardless of the jurisdiction in which they operate. That policy, together with our employee handbooks, establishes 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.

Environmental

Overview

4imprint's primary strategic objective, (page 9) is to build a commercially and environmentally sustainable business that delivers value to all stakeholders. We see climate change mitigation and other aspects of environmental stewardship as a fundamental part of this commitment. As a result, we incorporate environmental matters into our strategic decision-making, evaluate our environmental performance across all the activities of the Group and search out appropriate and innovative ways to minimise the environmental impact of our operations.

Below are some examples of how we have moved forward in the year on several of our environmental initiatives; we aim to strengthen these commitments to the low-carbon transition in the years ahead.

Governance

The Board is responsible for strategic oversight of the Group's climate-related risks and opportunities. The potential impacts of environment-related risks on 4imprint's business operations are set out on pages 42 and 43 of the Strategic Report.

Environmental matters were a topic of Board discussion through the year but most notably at the Board's annual strategy review in November 2021. The Board has an agreed Environmental Principles Statement which is available at http://investors.4imprint.com.

We are delighted to have appointed Jaz Rabadia to the Board in September 2021. Jaz has an extensive background in energy conservation and sustainability with organisations such as Sainsbury's and Starbucks. She was recognised with an MBE in the Queen's 2016 New Year Honours for services to sustainability in the energy management sector and promoting diversity in STEM. We very much look forward to benefiting from Jaz's experience and perspective.

At the operational level the environmental agenda is driven by the Group Environmental Committee. This committee is chaired by a member of the Oshkosh Senior Management Team and is attended by both of the Executive Directors and other operational senior team members from the US and UK operations. Its remit is to manage the development and implementation of the broad environmental framework adopted in 2020. The original intention was for the Group Environmental Committee to transition to quarterly meetings, however the volume of and enthusiasm for the subject matter has meant that the Committee continued to meet monthly throughout 2021. The Committee reports formally to the Board at the annual strategy review. Further interactions between the Committee and the Board are regular but not fixed; in order to maintain maximum flexibility, progress on initiatives and other updates are coordinated as required either through the Executive Directors or via discussions and presentations from Committee members.

We support the TCFD's disclosure framework. Further details are set out as follows:

Climate change

In the context of the Group's operations and activities, an initial materiality assessment conclusively pointed the Group Environmental Committee towards climate change mitigation as the most immediate and material way to make a difference.

In our 2020 Annual Report we described how we had committed to making 4imprint a carbon neutral business. We set a target date of no later than December 2022 for becoming carbon neutral regarding greenhouse gas (GHG) emissions at our operational facilities (Scope 1 and Scope 2), and also in respect of impactful elements of Scope 3, such as shipping of our products to customers.

We also mentioned that we aspired to reach our target through prioritising internal carbon reduction initiatives supplemented by other effective environmental stewardship tools as needed, and that we had engaged Natural Capital Partners, the leading experts on carbon neutrality and climate finance, both to assist with the refinement of our detailed carbon reduction plan and to coordinate external certification of carbon neutral status.

CERTIFIED CARBON NEUTRAL® company

CarbonNeutral.com

We are proud that 4imprint achieved *CarbonNeutral®* company status in October 2021, more than a year ahead of the target date. This certification of carbon neutrality is achieved by calculating a carbon footprint and reducing it to zero through a combination of in-house efficiency measures, renewable energy and external emissions reduction projects. The requirements of *The CarbonNeutral Protocol* framework were met in full, including an independent assessment of greenhouse gas ("GHG") emissions based on a thorough evaluation of all parts of 4imprint's business, from heating and cooling to electricity use, business travel, waste generated in operations, transportation and more.

In support of its objectives, the Group Environmental Committee has initiated or continued several emissions reduction projects in 2021, including:

- Participation from January 2021 onwards in the UPS carbon neutral shipping programme, (Scope 3), which supports emissions' reduction projects that help mitigate the impact of the shipment of parcels to our customers.
- Completion of the rollout of LED lighting across the whole business, and further work on insulation and energy loss projects.
- Smaller yet significant and visible initiatives such as the installation of electric vehicle charging stations at our Manchester, UK office.

In consultation with Natural Capital Partners, and in order to enable us to achieve our *CarbonNeutral®* company certification, we have made use of carefully selected carbon reduction products to offset the remainder of our carbon footprint:

- North American Grasslands Portfolio, USA.
- Improved Water Infrastructure, Sub-Saharan Africa.
- Kulera REDD+ and Cookstoves, Malawi.

We are excited to have a major capital investment project in our sights for the year ahead. We plan to build a 2,660 panel solar array at our distribution centre in Oshkosh, at a total project cost of around $2m. Completion of the project is planned for August 2022. The array is expected to generate around 1,400 megawatt-hours of energy annually, (enough to power more than 40% of current requirements), significantly increasing the portion of the Group's power requirements generated from renewable sources and adding resilience to the business. Any excess electricity collected will be fed into the local power grid.

Our broad ambition looking ahead is to significantly increase the portion of the Group's energy requirements generated from renewable sources. This will allow us over time to realign the portfolio of initiatives enabling us to achieve *CarbonNeutral®* company certification more towards clean energy initiatives with less reliance on carbon offset products. The execution of the solar power project will be a major step in this direction in 2022, and we intend to pursue further clean energy initiatives in future years.

Across all of these climate change initiatives we will be careful to ensure relevance to 4imprint's business operations and culture. In addition, our progress on carbon neutrality will give us a platform to potentially use our influence in our supply chain (Scope 3 downstream) by spreading the message and promoting similar initiatives at our tier 1 suppliers and potentially beyond.

TCFD

In 2021 we have made good progress in the implementation of the TCFD framework across our operations, but we also recognise that opportunities remain for continuous improvement in our climate strategy and for enhancements to be made in future disclosures.

"We are proud that 4imprint achieved *CarbonNeutral®* company status in October 2021, more than a year ahead of the target date."

SUSTAINABILITY CONTINUED

TCFD Pillar	TCFD Disclosure	4imprint Response	Page(s)
Governance	Board's oversight of climate-related risks and opportunities	**CURRENT**	
		– The Board has ultimate responsibility and accountability for climate-related issues	24–25
		– Climate-related issues reviewed by the Board include operational mitigation activities and strategic commercial activities	
		– The Group Environmental Committee reports to the Board at least annually and supports the development and implementation of 4imprint's environmental framework	
		– Board appointment in the year strengthens relevant experience to hold management to account on environmental matters	24
		FUTURE PRIORITIES	
		– Continued disclosure on shaping of climate strategy and implications for commercial strategy	
	Management's role in assessing and managing climate-related risks and opportunities	**CURRENT**	
		– The Group Environmental Committee drives the agenda and is responsible for implementation at the operational level	24–25
		– The Committee is composed of operational executives from both US and UK operations and Executive Directors and is chaired by a member of the Oshkosh Senior Management Team	
		– The strategy is aligned to our environmental framework parameters	9
		FUTURE PRIORITIES	
		– Review ESG-linked remuneration and inclusion of climate-related metrics at the executive level	
Strategy	Identification of climate-related risks and opportunities	**CURRENT**	
		– Sustainability is a key part of our first strategic pillar	9
		– 'Environmental risks' has been established as a new primary risk category in the Principal Risks & Uncertainties matrix, with sub-headings 'Climate change' and 'Products and market trends'	43
		– We expect transition risks associated with climate change to be of greatest relevance to the business in the short to medium-term, with business operations and locations at relatively low risk from physical climate-related events	
		– Opportunities are set out in this Sustainability section, mainly around carbon footprint management and low carbon product sustainability initiatives	25, 29
		FUTURE PRIORITIES	
		– Advanced granularity in the categorisation of climate-related risks over short, medium and long-term time horizons	
		– Improved identification of emerging climate risks, including in the downstream supply chain	
	Impact of climate-related risks and opportunities on business, strategy and finance	**CURRENT**	
		– The expected impacts on the business are detailed in the 'Environmental risks' category in the Principal Risks & Uncertainties matrix	43
		– Impact leading to commercial opportunities has been reviewed in this Sustainability section	29
		FUTURE PRIORITIES	
		– Further develop commercial opportunities such as *better choices*™ to offer low carbon product solutions to customers	29
		– Produce qualitative assessment of potential financial materiality of climate-related risks and opportunities; progress over time to quantitative assessment	

TCFD Pillar	TCFD Disclosure	4imprint Response	Page(s)
	Resilience of strategy under various climate-related scenarios	**CURRENT** – This year is 4imprint's first TCFD statement; as a result the focus has been on identifying risks and opportunities and developing mitigating actions to address risk and capture opportunity – As such, no scenario analysis contemplating future climate-related impacts has yet been performed	
		FUTURE PRIORITIES – Deliver a qualitative scenario analysis leading to quantitative scenario analysis in subsequent years, allowing a more granular understanding of the potential financial impacts of identified risks	
Risk Management	Processes for identifying and assessing climate-related risks	**CURRENT** – Topics can be raised directly by Board or Audit Committee members – The Business Risk Management Committee considers emerging risks through analysis and scoring process – Group Environmental Committee discussions may be elevated to Board level on an ad hoc basis	36 24–25
		FUTURE PRIORITIES – Current risk identification processes considered appropriate given the nature of the Group's operations and short reporting lines – Introduction of scenario analysis into risk and opportunity identification and assessment	36
	Processes for managing climate-related risks	**CURRENT** – Group risk management processes are set out under Principal Risks & Uncertainties – The Business Risk Management Committee's scoring and mitigations of climate-related risks are addressed under the 'Environmental risks' section – Further detail on specific risk mitigations is set out in the Sustainability section; these actions include both internal actions to mitigate GHG emissions and actions to increase customer awareness of products with sustainable credentials on 4imprint's website	36–43 43 24–25
		FUTURE PRIORITIES – Current risk management processes considered appropriate given the nature of the Group's operations and short reporting lines – We will review metrics annually to measure and evidence progress, ensuring the data captured is consistently fit for purpose	36
	Integration into overall risk management	**CURRENT** – Both climate change and sustainability-related product trends are recognised within 4imprint's Principal Risk & Uncertainties framework – As a result, the process for identifying and managing climate-related risks is fully integrated into the Group's overall risk management	36
		FUTURE PRIORITIES – Current procedures considered appropriate given the Group's operations and short reporting lines	

SUSTAINABILITY CONTINUED

TCFD Pillar	TCFD Disclosure	4imprint Response	Page(s)
Metrics and targets	Metrics to assess climate-related risks and opportunities	**CURRENT**	
		– GHG emissions, intensity measures and energy consumption: year-over-year performance and analysis	28–29
		– Metrics subject to third party audit coordinated by Natural Capital Partners	25
		FUTURE PRIORITIES	
		– Measure beneficial effect of low carbon initiatives, particularly the solar array project due in 2022	
		– Develop further reportable metrics including packaging, waste, water usage, business travel and other data	
	Disclose Scope 1, Scope 2, Scope 3 GHGs	**CURRENT**	
		– GHG emissions table covers Scope 1 and Scope 2	28
		– Selected Scope 3 elements include participation in UPS carbon neutral shipping programme	
		FUTURE PRIORITIES	
		– Improvement in data gathering and disclosure of relevant aspects of Scope 3	
	Targets used to manage climate-related risks and opportunities and performance against targets	**CURRENT**	
		– Carbon Neutral target achieved a year early	25
		– GHG emissions reporting	28
		– The energy generated from the planned solar array project is estimated at 1,400 MWh, or around 40% of the requirements of the Oshkosh distribution centre	25
		FUTURE PRIORITIES	
		– Develop targets for the proportion of renewable energy used to defray the overall carbon footprint	
		– Develop targets, reporting and disclosure around *better choices*™ sustainable product initiative	
		– Consider disclosing distinct Scope 3 GHG reduction targets as more knowledge is accumulated	

	Unit	**2021**	2020	Change
GHG emissions				
Scope 1: Direct emissions from combustion of fuel and operation of facilities	Tonnes CO_2-e	**466**	413	+13%
Scope 2: Indirect emissions from purchased and consumed electricity	Tonnes CO_2-e	**3,097**	3,196	-3%
Total Group emissions Scope 1 & 2	Tonnes CO_2-e	**3,563**	3,609	-1%
Proportion of emissions that relate to the UK:				
– Scope 1		**0.0%**	0.0%	
– Scope 2		**0.4%**	0.4%	
Intensity measurements				
Emissions by Group revenue	Tonnes CO_2-e/\$m Group revenue	**4.5**	6.4	-30%
Emissions by employee numbers	Tonnes CO_2-e/\$m avg. employees	**3.1**	3.0	+2%
Energy consumption				
Gas	kWh	**2,552,191**	2,225,482	+15%
Electricity	kWh	**4,552,139**	4,206,876	+8%
Total	kWh	**7,104,330**	6,432,358	+10%
Proportion consumed in UK		**0.8%**	0.8%	

Our GHG reporting for 2021 is in line with the UK Government regulations on Streamlined Energy and Carbon Reporting introduced in 2019, and emissions have been calculated based on the GHG Protocol Corporate Standard. The emissions data set out on the previous page relates to the operations of the Group for the period ended 1 January 2022.

The Group's GHG Scope 1 and 2 emissions in 2021 were essentially flat compared to 2020. It should be noted, however, that by far the largest energy demands at the Oshkosh office and distribution facilities are heating and cooling requirements at different times of the year. These demands can fluctuate significantly each year depending on weather factors, therefore the improved intensity metric by Group revenue, whilst encouraging, should be viewed in this context.

SMART

Our SMART (Sustainability. Making A Renewable Tomorrow) committee celebrated its fourth anniversary in September 2021. The SMART committee has in recent years been responsible for embedding environmental and sustainability initiatives as an integral part of our daily operations.

From inception this initiative has been supported enthusiastically throughout the business. Our in-house Yammer (social media) platform has proved to be a conducive forum for our team members to engage in SMART initiatives and sustainability discussions. Many projects and ideas have been undertaken, varying in scope and nature, but all with an emphasis on sustainability. Some examples of recent SMART activities are:

- Continuous improvements in recycling of waste materials across the business, diverting from landfill.
- Installation of motion sensors and automation to cut down on energy usage in our facilities.
- Leading the LED lighting project across the business and identifying solutions for energy loss.
- Group Yammer posts and discussions concerning good choices and sustainable alternatives, not just for the business but also at home.
- Participation of team members in environmentally conscious events such as Earth Day (plant a free tree); 'Adopt a Highway' programme, (clean-up of waste along an 'adopted' stretch of highway); and volunteering for the annual Fox-Wolf Watershed Alliance clean-up.

Members of our Group Environmental and SMART committees are actively engaged with the Green Masters Program promoted by the Wisconsin Sustainable Business Council ("WSBC"). We look forward in particular to sharing details of our *CarbonNeutral®* journey and in particular our solar panel renewable energy project at WSBC forums in 2022.

Our products

Consistent with our corporate purpose, our products are designed to effectively promote our customers' messages time after time through repeated usage and impressions. In other words, the most effective promotional products are those that have high utility, meaning for the recipient and the quality to last. Our products must also align with our customers' brand stories, each of which is unique. As a result, offering a wide but thoughtfully curated range of products across many categories and with a variety of characteristics is vital.

Our diverse range of products covers a wide array of many different materials, substrates, manufacturing processes and imprinting techniques. The products that we sell are mostly items that people use in their everyday lives and as such are typically available, unbranded, in retail. Trends in retail/consumer quickly make their way across to the business-to-business/promotional space.

We are therefore very conscious of the requirement to adapt to the changing needs of our customers by helping them find the 'perfect product' – and this 'perfect product' increasingly comes with sustainable characteristics.

better choices™

Our recently announced *better choices™* programme is designed to make it easy for our customers to find and research the promotional products with the characteristics that are most important to them.

Supported by a major project that combined our merchandising, supply chain, compliance and software development teams, the 4imprint.com website now provides curation of, and accessibility to, thousands of product and supplier standards, certifications and other attributes related to sustainability, environmental impact and more. With this information displayed alongside products, promotional product users are equipped with the tools they need to find the items that best fit their interests and needs and those of their organisations.

better choices™ highlights a wide range of designations, including:

- Products manufactured with more sustainable materials such as certified organic cotton and recycled polyester.
- Paper and wood-based products sourced from Forestry Stewardship Council (FSC) responsible forestry certified supply chains.
- Production by suppliers and brands meeting Fair Labor Association standards, B-Corporations or other relevant attributes that demonstrate commitments to social and environmental performance, transparency and accountability.
- Product safety and performance information.

In accordance with our culture, *better choices™* will place significant emphasis on the integrity of the information available. In other words, we will be vigilant and disciplined in confirming the veracity of any 'Eco' claims made.

We believe that *better choices™* will help expand our customers' definition of, and ability to find, their 'perfect product'. Further, through *better choices™* we have a platform with potential to drive positive change for all of our stakeholders.

FINANCIAL REVIEW

Focused on financial discipline

	2021 52 weeks $m	2020 53 weeks $m
Operating profit	**30.65**	3.97
Net finance cost	**(0.42)**	(0.13)
Profit before tax	**30.23**	3.84
Taxation	**(7.64)**	(0.75)
Profit for the period	**22.59**	3.09

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

	2021 52 weeks $m	2020 53 weeks $m
Revenue	**787.32**	560.04
Gross profit	**226.02**	157.94
Marketing costs	**(127.53)**	(92.88)
Selling costs	**(32.16)**	(30.78)
Admin and central costs	**(34.73)**	(29.26)
Share option related charges	**(0.61)**	(0.63)
Defined benefit pension scheme administration and past service costs	**(0.34)**	(0.42)
Operating profit	**30.65**	3.97

Revision to the definition of underlying profit measures

In previous Annual Reports and Accounts, 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 are now included in underlying, which is defined as before exceptional items. As there are no exceptional items in 2021 or 2020, the term underlying is not used in relation to any measurements of profit in the 2021 Annual Report and Accounts.

Operating result

The recovery of the business from the effects of the COVID-19 pandemic has been very encouraging.

Demand returned steadily through the early part of the year, helped by the rollout of vaccines and easing of restrictions in our primary US market. This momentum continued to build, with aggregate order counts exceeding 2019 levels (the most recent 'normal' year) in the second half of the year. Group revenue for 2021 of $787.32m increased 40.6% compared to 2020 of $560.04m, recovering to 91.5% of reported 2019 revenue of $860.84m.

The gross profit percentage stabilised year-over-year at 28.7% (2020: 28.2%). Product cost inflation resulting from pandemic-related global and local supply chain issues has been partially mitigated using price adjustments. Factors including a shift in product mix towards apparel and higher average order values mean that margin percentages remain below pre-pandemic levels.

Marketing costs were 16.2% of revenue (2020:16.6%), leading to an improvement in our Revenue per Marketing Dollar KPI to $6.17 (2020: $6.03). Strategic investment in a changing marketing mix has been made through the year to capitalise on market share opportunities in recovering markets.

Selling, administration and central costs increased 11.4% to $66.89m (2020: $60.04m). The year-on-year change is due principally to a credit of $4.1m in 2020 relating to COVID-19 assistance under the US CARES Act and UK Coronavirus Job Retention Scheme. No similar assistance was accessed in 2021.

As a result of the above factors, operating profit increased by $26.68m to $30.65m (2020: $3.97m).

2021 returned to the usual 52 week accounting period for the Group, compared to the 53 week period in 2020. The effect of the extra week in 2020 on Group revenue was an increase of around $5m and the impact on operating profit was negligible due to a full week of payroll and overheads offsetting the gross margin arising from a quiet trading week during the holiday period.

Foreign exchange

The primary US dollar exchange rates relevant to the Group's 2021 results were as follows:

	2021		2020	
	Period end	**Average**	Period end	Average
Sterling	**1.35**	**1.38**	1.36	1.28
Canadian dollars	**0.79**	**0.80**	0.79	0.75

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 98% of the Group's revenue arising in US dollars, the Group's reporting currency. The net impact on the 2021 income statement from trading currency movements was not material to the Group's results (note 20).
- Most of the constituent elements of the Group balance sheet are US dollar-based. Exceptions are the Sterling-based defined benefit pension asset, which produced an exchange loss in the year of $0.06m, and the UK cash balance with an exchange loss of $0.14m in the year.
- 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. By way of example, using actual exchange rates, the movement of Sterling against the US dollar during 2021 meant that every US$1m converted to Sterling was worth around £9,000 more at the 2021 closing rate compared to the 2020 closing rate.

Share option charges

A total of $0.61m (2020: $0.63m) was charged in the year 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 and the 2021 US Employee Stock Purchase Plan.

No awards of conditional shares under the DBP will be made in respect of 2021. There were no awards made in 2020, resulting in the consistent IFRS 2 charge year-over-year.

Current options and awards outstanding are 13,880 shares under the UK SAYE, 97,624 shares under the 2021 US Employee Stock Purchase Plan, and 51,925 shares under the 2015 Incentive Plan.

FINANCIAL REVIEW CONTINUED

Net finance cost

Net finance cost for the year was $0.42m (2020: $0.13m). The increase in cost on 2020 is attributable to lower interest rates earned on deposits, and higher IFRS 16 lease interest charges following the extension to the Oshkosh office lease in the prior year which resulted in a higher lease liability being recognised on the balance sheet.

Taxation

The tax charge for the year was $7.64m (2020: $0.75m), giving an effective tax rate of 25% (2020: 20%). The charge comprises a current tax charge of $5.92m, representing net tax payable on US taxable profits, and a deferred tax charge of $1.72m.

The increase in the effective tax rate is principally due to the significant increase in profitability of the North American business that is subject to a higher rate of corporation tax than the UK, and the de-recognition of a deferred tax asset in respect of UK tax losses following a review of updated forecasts of UK taxable profits.

Earnings per share

Basic earnings per share was 80.46c (2020: 11.03c), an increase of 629%. This reflects the increase of 631% in profit after tax, 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.

Due to significant uncertainty as to how quickly markets might recover from the COVID-19 pandemic, and in the interests of financial prudence, the Board cancelled the payment of the 2019 final dividend and did not propose 2020 interim or 2020 final dividends.

Underpinned by a strong net cash position and an improving commercial outlook for the Group, the Board re-introduced biannual dividend payments with an interim dividend of 15.00c per share declared at the 2021 half year.

The Board has proposed a final dividend of 30.00c per share (2020: nil) which, together with the interim dividend of 15.00c per share, gives a total paid and proposed regular dividend relating to 2021 of 45.00c per share (2020: nil).

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.30515. This results in a final dividend per share payable to Shareholders of 22.99p (2020: nil), which, combined with the interim dividend paid of 10.83p per share, gives a total dividend per share for the year of 33.82p (2020: nil).

The final dividend will be paid on 31 May 2022 to Shareholders on the register at the close of business on 29 April 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 110 pensioners and 231 deferred members.

At 1 January 2022, the surplus of the Plan on an IAS 19 basis was $1.97m, compared to a deficit of $3.31m at 2 January 2021. Gross Plan assets under IAS 19 were $39.80m, and liabilities were $37.83m.

The change in the net IAS 19 Plan position is analysed as follows:

	$m
IAS 19 deficit at 2 January 2021	**(3.31)**
Company contributions to the Plan	**4.59**
Defined benefit pension scheme administration costs	**(0.34)**
Pension finance charge	**(0.02)**
Re-measurement gain due to changes in assumptions	**2.50**
Return on scheme assets (excluding interest income)	**(1.39)**
Exchange loss	**(0.06)**
IAS 19 surplus at 1 January 2022	**1.97**

The net IAS 19 position improved by $5.28m in the year, driven primarily by employer's contributions of $4.59m and re-measurement gains of $2.50m, partially offset by a negative return on assets of $1.39m. In Sterling, the net IAS 19 position improved by £3.89m in the year to a surplus of £1.46m.

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. A milestone was passed in the year as the net balance sheet position in respect of the Plan turned from a net deficit to a net surplus as measured on an IAS 19 valuation basis.

A triennial actuarial valuation of the Plan was completed in September 2019 and this forms the basis of the 2021 IAS 19 valuation set out above. The next triennial Plan valuation is scheduled for September 2022.

Cash flow

The Group had net cash of $41.59m at 1 January 2022, an increase of $1.82m against the 2 January 2021 balance of $39.77m.

Cash flow in the period is summarised as follows:

	2021 $m	2020 $m
Operating profit	**30.65**	3.97
Share option related charges	**0.60**	0.63
Defined benefit pension scheme administration and past service costs	**0.34**	0.42
Depreciation and amortisation	**3.67**	3.43
Lease depreciation	**1.34**	1.50
Change in working capital	**(13.76)**	6.59
Capital expenditure	**(3.47)**	(3.82)
Underlying operating cash flow	**19.37**	12.72
Tax and interest	**(6.82)**	(0.52)
Defined benefit pension contributions	**(4.59)**	(13.28)
Own share transactions	**(0.84)**	0.94
Capital element of lease payments	**(1.12)**	(1.42)
Exchange and other	**(0.05)**	0.19
Free cash flow	**5.95**	(1.37)
Dividends to Shareholders	**(4.13)**	–
Net cash inflow/(outflow) in the period	**1.82**	(1.37)

The Group generated underlying operating cash flow of $19.37m (2020: $12.72m), a conversion rate of 63% (2020: 320%). Working capital usage at the end of 2021 was unusually high, driven by the global and local supply chain issues that have resulted in material increases in accrued revenue and inventory balances on orders in process at year-end. This position is expected to unwind in 2022 as the supply chain situation improves and orders are completed.

Free cash flow improved by $7.32m to $5.95m in 2021 (2020: $(1.37)m). This is largely attributable to the recovery in operating profit in 2021 and the special contribution to the defined benefit pension plan of $9.14m paid in 2020.

Dividends resumed in 2021 with the payment of an interim dividend to Shareholders announced at the half year.

Balance sheet and Shareholders' funds

Net assets at 1 January 2022 were $82.97m, compared to $65.37m at 2 January 2021. The balance sheet is summarised as follows:

	1 January 2022 $m	2 January 2021 $m
Non-current assets	**38.04**	43.27
Working capital	**12.27**	(1.50)
Net cash	**41.59**	39.77
Lease liabilities	**(12.09)**	(13.21)
Pension asset/(deficit)	**1.97**	(3.31)
Other assets – net	**1.19**	0.35
Net assets	**82.97**	65.37

Shareholders' funds increased by $17.60m since the 2020 year-end. Constituent elements of the movement were net profit in the period of $22.59m and share option related movements of $0.38m, net of equity dividends paid to Shareholders $(4.13)m, own share transactions of $(0.84)m, the after tax impact of returns on pension scheme assets and re-measurement gains on pension obligations of $(0.30)m, and exchange losses of $(0.10)m.

The Group had a net positive working capital balance of $12.27m at 1 January 2022 (net negative balance of $1.5m at 2 January 2021). This reflects the build-up of accrued revenue and inventory on orders in process at year-end, impacted by global and local supply chain issues.

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 are unchanged, and 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.

As a result of this approach, the Group has maintained a substantial cash balance and no debt throughout the COVID-19 pandemic and resulting supply chain issues. The Group remained in a strong financial position at the 2021 year-end, enabling management to make decisions that look to the longer-term health of the Group and which support 4imprint's distinctive culture.

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 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. The Group holds most of its cash with its principal US and UK bankers.

The Group has a $20.0m working capital facility with its principal US bank, JPMorgan Chase, N.A. The facility has a minimum EBITDA test and standard debt service coverage ratio and debt to EBITDA covenants. The interest rate is US$ LIBOR plus 2.0%, and the facility expires on 31 May 2023. 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 judgments 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.

A review of internal and external indications of impairment was undertaken in accordance with IAS 36 for both the North American and UK cash generating units ("CGU"), leading to an impairment review being undertaken for the UK CGU only. This review did not result in any material charges to the consolidated Group income statement. The Company has recognised an

FINANCIAL REVIEW CONTINUED

expected credit loss charge of £223k on a loan to a subsidiary undertaking in its individual financial statements.

Viability statement

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

Assessment of prospects

In making their assessment of the Group's prospects, 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 & Uncertainties section on pages 36 to 43 of the 2021 Annual Report.
- 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 three-year period to 28 December 2024.

Whilst the lingering effect of the COVID-19 pandemic continues to present challenges, including on the supply chain and inflationary pressures, the Board considers that the Group's strategy, competitive position, and business model remain entirely relevant and, indeed, have proved to be resilient and flexible under stress.

Business operations have adapted successfully to the challenging and rapidly changing external conditions in a timely manner. The marketing portfolio was reconfigured during 2020 and 2021, providing flexibility over expenditure and the agility to invest in opportunities for growth in recovering markets. Discretionary overhead and capital spend continues to be tightly controlled, demonstrating the essentially minimal fixed cost base of the direct marketing model.

These actions, coupled with the strong financial position of the Group that has been maintained throughout this global pandemic, give the Board confidence that despite residual uncertainty as to future market conditions, the Group will be in a good position both to withstand further economic stress and to take market share opportunities as demand continues to recover.

Environmental risks

As a primary strategic objective of the Group and as noted above in the assessment of prospects, environment-related risks and opportunities are specifically considered by the Board in their assessment of viability and going concern.

The Group has established an appropriate governance structure, in the form of the Group Environmental Committee and Business Risk Management Committee, to identify new and emerging risks related to climate change and the environment.

As detailed more fully in the Principal Risks & Uncertainties section, environmental risks have the potential to impact the Group's ability to achieve its strategic objectives through damage to our reputation, our operational facilities and those of our supplier partners, and the failure to respond to trends and shifts in consumer product preferences.

As detailed more fully in the Sustainability section, the Group has proactively responded to these risks with several initiatives. These include the achievement of *CarbonNeutral®* company status in October 2021, committed plans to build a solar panel array at our distribution centre in Oshkosh, plans to review ESG-linked executive remuneration with the inclusion of climate-related metrics, and the launch of our *better choices*™ programme to make it easier for our customers to find products with the characteristics that are most important to them. The flexible nature of our 'drop-ship' model and close relationships maintained with key and alternative suppliers allows for relatively rapid adjustment to episodes of extreme weather.

Whilst governmental and societal responses to climate change risks are still developing, and therefore all possible future outcomes are not known, the Group has embedded environmental matters into our strategic objectives and sees climate change and other aspects of environmental stewardship as a fundamental part of our commitment to build a commercially and environmentally sustainable business that delivers value to all stakeholders.

The cash flow impact of our environmental initiatives are incorporated into the financial forecasts used to assess viability and going concern.

Viability assessment period

In their assessment of viability, the Directors have reviewed the assessment period and have determined that a three-year period to 28 December 2024, in line with the Group's rolling strategic planning process, continues to be most appropriate.

In the context of the fast-moving nature of the business, its markets, and the relatively short-term nature of the order book, the Directors consider that the robustness of the strategic plan is higher in the first three years and recognises that forecast information beyond this period is significantly less meaningful.

The Group's business model does not rely heavily on fixed capital, long-term contracts, or fixed external financing arrangements.

Assessment of viability

The Board considers that the key factor that would prejudice the ongoing viability and liquidity of the Group would be a severe downturn in demand, which negatively impacts new customer acquisition and existing customer retention.

The 'base case' three-year plan, developed for the purposes of the Group's strategic planning process, provides the basis for the financial modelling used to assess viability. The commercial underpin to this 'base case' is the Board's view that whilst the promotional products market contracted in 2020, for example due to the cancellation of trade shows and physical events, our recent experience is that market demand is resilient across the product range and customer base, as evidenced in the rapid recovery in demand during 2021. The 'base case' started with the total order count at 90% of pre-pandemic 2019 levels, as achieved in 2021, with consistent and sustained top-line growth throughout the three-year period. Marketing costs were modelled to increase in line with revenue with the Group's revenue per marketing dollar KPI remaining stable at historic levels. This 'base case' shows improving financial results, an accumulating cash balance and no liquidity concerns.

Severe, but plausible, downside demand assumptions were then determined and used to adjust the 'base case' forecast to model the effects on the Group's liquidity. This 'downside' scenario assumes a significant deterioration in demand patterns during 2022, similar to those experienced in 2020 when the pandemic started, with order volumes for the full year dropping back to around 70% of 2019 levels, before gradually recovering back to 2019 order levels by 2024. Marketing and direct costs were flexed in line with revenue, but other payroll and overhead costs remained at 2021 levels with some allowance for inflationary increases. This 'downside' scenario was intended to simulate a severe shock to demand, similar to the experience from COVID-19, that results in sustained diminished corporate demand in a downsized promotional products market.

Even under the severe stress built into the 'downside' model, the Group retains sufficient liquidity throughout the assessment period. This liquidity is in the form of cash balances. In addition, there are further mitigating actions that the Group could take, including further cutting marketing costs and reducing headcount, that are not reflected in the distressed forecast but would, if required, be fully under the Group's control.

Given the scalability of the Group's business model, as demonstrated over the past few years, the absence of external financing, and low fixed or working capital requirements, a reverse stress testing scenario has not been undertaken. The Group has proven during 2020 its ability to flex its marketing and other costs to mitigate the impact of falls in revenue driven by COVID-19 and retains flexibility to further reduce other costs should the need arise.

Though the Group maintains a $20m line of credit with its US bankers, that expires on 31 May 2023, and a small overdraft facility with its UK bankers, that expires on 31 December 2022, the modelling in both the 'base case' and 'downside' scenarios shows the maintenance of positive cash balances throughout the assessment period and, as such, there is no current requirement to utilise the facilities or intention to secure any additional facilities.

The assumptions used in the 'base case' and 'downside' scenarios and resulting financial forecasts have been reviewed and approved by the Board. The conclusion of this review is that the Group has significant flexibility in its variable costs, a very low fixed cost base, and enters the 2022 financial year with a strong net cash position of $41.6m, enabling it to remain cash positive even under severe economic stress.

Confirmation of viability

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 to 28 December 2024.

Going concern

Based on the assessment outlined in the viability statement above, the Directors have reasonable expectations that the Group and Company will have adequate resources to continue to operate from the date these financial statements were approved until at least 1 July 2023. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

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	Sustainability	24-29
Employees	Sustainability	21-23
Social matters	Sustainability	23
Human rights	Sustainability/Statement on Corporate Governance	23-24/56
Anti-corruption and anti-bribery	Sustainability	24
Business model	Business Model	18-19
Non-financial KPIs	Strategic Objectives	12-13
Principal risks	Principal Risks & Uncertainties	36-43

Management report

The Strategic Report is considered to form the management report for the purpose of DTR 4.1.8R.

PRINCIPAL RISKS & UNCERTAINTIES

The UK Corporate Governance Code 2018 requires the Board to carry out a robust assessment of the Group's principal and emerging risks. Risk appetite, the risk management process, and associated mitigating activities are all essential elements of the Group's strategic and operational planning processes.

Risk appetite

4imprint's business model means that it may be affected by a number of risks, not all of which are within its control. The Board seeks to take a balanced approach to the risks and uncertainties that it faces, encouraging 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 risk 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 risks and controls is 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 formal risk review is conducted by the Board at least annually. During 2021 further progress has been made in developing the Group's risk management process, including assessing and scoring of specific risks, delineation of 'principal' versus 'other' risks, and implementation of revised risk categories (as follows) that we consider to be more in line with the development of the Group in recent years and its strategic priorities. The Business Risk Management Committee, chaired by the Group Financial Controller, has driven much of the progress made in 2021. The lingering effects of the pandemic and some unavoidable internal resource constraints have limited the Committee's formal meetings in the year; our aim is for the Committee to meet quarterly in 2022.

Categorisation of risks

During 2021 the Business Risk Management Committee has developed a revised risk categorisation process that has been reviewed and approved by the Board. The new risk categories are briefly summarised below:

- **Strategic risks.** These are risks often caused by external events that typically might affect broad economic or market conditions. Strategic risks will generally be managed through mitigations undertaken at a strategic level.
- **Operational risks.** These are risks and uncertainties faced in the course of conducting normal business activities via established procedures and systems. Operational risks will typically be driven by internal events and will be managed and mitigated through control activities.
- **Reputational risks.** These are risks that some kind of negative circumstance could impact the brand reputation and/or image of the Group or its businesses in the wider marketplace. Mitigations are often specific controls or procedures aimed at ensuring compliance with regulations or expectations.
- **Environmental risks.** This risk category recognises the obligation of the Group to protect and positively impact the external environment. Risk management might typically be in the form of longer-term mitigation projects such as carbon footprint reduction or product range initiatives.

Emerging risks

Business operations are conducted from centralised facilities in Oshkosh and Manchester, with short reporting lines. As a result, the Executive Directors are close to day-to-day matters, facilitating early identification of, and response to, shifting risk patterns. Emerging risks are a standing agenda item of the Business Risk Management Committee. Urgent issues arising will continue to be escalated as appropriate and discussed at regular Board meetings.

Outlined in the following tables are the current principal risks and uncertainties that would impact 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.

Strategic risks

Macroeconomic conditions

RISK AND DESCRIPTION

The Group 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. Most recently, the economic downturn associated with the COVID-19 pandemic had a significant negative effect on demand for our products.

STRATEGIC RELEVANCE

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

MITIGATION

- 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 product range can be adjusted to resonate with customer requirements and budgets in changing economic climates.
- The Group's balance sheet funding policy provides operational and financial flexibility to facilitate continued investment in the business through different economic cycles.

DIRECTION

- **Concerns remain with respect to virus variants and resulting restrictions in our markets, however our business model has proved to be resilient and continues to resonate with our target customers as demonstrated by the continued recovery of the business from the significant negative effects of the COVID-19 pandemic.**
- **Global supply chain issues and international trade tensions continue to cause volatility in our North American and UK markets.**
- **Brexit uncertainty remains in the Group's UK market, leading to a lack of business confidence.**
- **Recent inflationary pressures could drive up labour, product and transportation costs, affecting customer demand for our products.**

Unchanged

Markets & competition

RISK AND DESCRIPTION

The promotional products markets in which the business operates are intensely competitive. New or disruptive business models looking to break down our industry's prevailing distributor/supplier structure may become a threat. Buying groups and online marketplaces may allow smaller competitors access to improved pricing and services from suppliers. Private equity interest in the promotional products industry has increased in recent years, offering potential funding for existing competitors or new entrants.

STRATEGIC RELEVANCE

- Aggressive competitive activity or a disruptive new model could result in pressure on prices, margin erosion and loss of market share, impacting the Group's financial results.
- The Group's strategy based on achieving organic revenue growth in fragmented markets may need to be reassessed.
- Customer acquisition and retention could fall, impacting revenue in current and future periods.

MITIGATION

- Service level, price and satisfaction guarantees are an integral part of the customer proposition. Negative or changing customer feedback is investigated and addressed rapidly. Customers are surveyed regularly to monitor changing customer interests and perceptions.
- Merchandising and supply chain teams have extensive experience in rapidly adapting the product range to meet evolving consumer demand.
- Our aim is to position the business at the forefront of innovation in the industry, driven by an open-minded culture that is customer focused, embraces collaborative supplier relationships, and has an appetite for technology.
- Management closely monitors competitive activity in the marketplace including periodic market research studies.

DIRECTION

- **The competitive landscape to date has been relatively consistent on the distributor side in our main markets.**

Unchanged

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Effectiveness of key marketing techniques and brand development

RISK AND DESCRIPTION

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:

- **TV/Video/Brand:** Fluctuations in available inventory may cause the price of this technique to increase beyond our acceptable thresholds. The evolving nature of how consumers access this type of content can change our ability to effectively access our audience.
- **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.
- **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. Pandemic conditions that lead to increased levels of people working from remote locations may diminish the effectiveness of this technique.

The evolving landscape around consumer data privacy preferences and data privacy legislation potentially affects all marketing techniques if it compromises our ability to access and analyse customer information or results in any adverse impacts to our brand image and reputation.

STRATEGIC RELEVANCE

- 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 in future years.
- Restrictive data privacy legislation or changes in consumer demands around data privacy could decrease the yield on our marketing activities and might increase compliance costs and the possibility of lawsuits.

MITIGATION

- **TV/Video/Brand:** Given that this is the newest element of our marketing portfolio, our utilisation of this technique is still at a relatively early stage of its development, allowing for a high degree of flexibility.
- **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.
- **Offline:** Developments in the US Postal Service are closely monitored through industry associations and lobbying groups. Alternative parcel carriers are continuously evaluated.
- Data privacy requirements and consumer data preferences are monitored closely and assessed

DIRECTION

- **Marketing diversification continues via the successful integration of a brand component to the marketing portfolio.**
- **The COVID-19 pandemic, in particular the trend towards 'work-from-home' has negatively impacted response rates for print catalogues. This has resulted in a successful redeployment of offline/print budget towards further investment in brand and online marketing.**
- **The business has significantly reduced the amount of data it shares, increasingly relying on first party data.**

Unchanged

Operational risks

Business facility disruption

RISK AND DESCRIPTION

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

STRATEGIC RELEVANCE

- 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.
- A significant portion of our apparel orders are embroidered in-house at our distribution centre, therefore disruption at this facility would impact our ability to fulfil these orders.
- The Group's reputation for excellent service and reliability may be damaged.

MITIGATION

- Back-up and business continuity infrastructure is in place to ensure the risk of customer service disruption is minimised.
- Websites are cloud-based, and data is backed up continuously to off-site servers.
- Relationships are maintained with third party embroidery contractors to provide an element of back-up in the event of facility unavailability.
- A significant proportion of our office and customer service staff can work from home, mitigating some risk should offices become unavailable.

DIRECTION

- **The COVID-19 pandemic raised the risk of potential shutdown of one or all of our facilities, however the risk of a return to 'lockdown' type restrictions appears to be diminishing.**

Unchanged

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Domestic supply and delivery

RISK AND DESCRIPTION

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.

STRATEGIC RELEVANCE

- 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, leading to potential erosion of the value built up in the 4imprint brand.

MITIGATION

- 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 the supply end of the value chain, 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.

DIRECTION

- **Risk is inherent in increasing supplier concentration, and the COVID-19 pandemic has increased this risk.**
- **The supply chain problems seen in the second half of 2021 have significantly heightened risk in this area and are still ongoing.**

Increased

Failure or interruption of information technology systems and infrastructure

RISK AND DESCRIPTION

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.

STRATEGIC RELEVANCE

- 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.

MITIGATION

- There is continuous 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 elements of back office functionality.

DIRECTION

- **The IT platform is mature, and performance has been efficient and resilient, including through the COVID-19 pandemic with high levels of staff working from home.**

Unchanged

Reputational risks

Cyber threats

RISK AND DESCRIPTION

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.

STRATEGIC RELEVANCE

- 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.

MITIGATION

- The business employs experienced IT staff whose focus is to identify and mitigate IT security vulnerabilities.
- Investment in software and other resources in this area continues to be a high priority.
- Technical and physical controls are in place to mitigate unauthorised access to customer data and there is an ongoing investment process to maintain and enhance the integrity and efficiency of the IT infrastructure and its security.
- 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.
- Third party cyber security consultants are employed as and when appropriate.

DIRECTION

- **The general incidence and publicity around cyber-crime continues to increase.**

Increased

Supply chain compliance & ethics

RISK AND DESCRIPTION

Our business model relies on direct (tier 1) and indirect (tier 2 & 3) relationships with suppliers located both within our primary markets and at overseas locations. 4imprint has for many years had very high ethical expectations for supply chain compliance, but there is always a risk that our wider supply chain partners may, from time to time, not comply with our standards or applicable local laws.

STRATEGIC RELEVANCE

- Significant or continuing non-compliance with such standards and laws could result in serious damage to our reputation and brand image.
- This could have an adverse effect on our ability to acquire and retain customers and therefore our longer-term revenue prospects and financial condition.

MITIGATION

- Key tier 1 suppliers must commit to cascading our ethical sourcing expectations down to their tier 2 and tier 3 supply chain partners.
- Specifically, we require our suppliers to comply with our supplier compliance documentation, including the '4imprint Supply Chain Code of Conduct' and the '4imprint Factory & Product Compliance Expectations' document.
- We are active in promoting audit coverage of our supply chain at many levels, and in ensuring that product safety and testing protocols are adequate and up to date.

DIRECTION

- **Our supplier compliance programme is well established.**
- **The COVID-19 pandemic has restricted opportunities for visits to and audits of both domestic and overseas supplier locations.**

Increased

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Legal, regulatory, and compliance

RISK AND DESCRIPTION

We are subject to, and must comply with, extensive laws and regulations, particularly in our primary US market. An example is data privacy legislation.

STRATEGIC RELEVANCE

- If we or our employees, suppliers and other partners fail to comply with any of these laws or regulations, such failure could subject us to fines, sanctions or other penalties that could negatively affect our brand, reputation and financial condition.

MITIGATION

- Consultation with consultants, subject matter experts, specialist external legal advisers and Government agencies as appropriate.

DIRECTION

- **Obligations continue to be complied with and monitored.**

Unchanged

Environmental risks

Climate change

RISK AND DESCRIPTION

Climate change potentially affects our operations, facilities, supply chain, team members, communities and our customers in a variety of ways. As such, it presents a multitude of risks to the business and threatens our ability to achieve our strategic objectives.

STRATEGIC RELEVANCE

- Extreme weather-related events that impact our customers and/or our suppliers can have 'episodic' negative impact on revenue, customer acquisition and retention, and they can also cause increases to our product and distribution costs. Some of our suppliers are located in geographic areas that are subject to increased risk for these events.
- Further, if the business is not seen to be taking deliberate and tangible actions to reduce its GHG emissions, the Group's reputation and brand may be damaged.

MITIGATION

- The flexible nature of our 'drop-ship' model allows for relatively rapid adjustment to episodes of extreme weather. The business has very low customer concentration which helps mitigate an element of the risk as well.
- The business became 'carbon neutral' in 2021 in respect of Scopes 1 and 2 and meaningful elements of Scope 3, a year earlier than originally targeted.
- Management is actively monitoring and measuring progress towards further environmental goals, most notably further GHG reductions in Scopes 1 and 2 and meaningful elements of Scope 3.

DIRECTION

- **There is an increasing sense of urgency globally, and as such, the risks in this area will increase as well.**

Increased

Products and market trends

RISK AND DESCRIPTION

The transition to a low carbon economy may lead to changing product trends or consumer preferences that render certain products undesirable or obsolete whilst increasing demand for others.

STRATEGIC RELEVANCE

- Failure to anticipate accurately and respond to trends and shifts in consumer preferences by adjusting the mix of existing product offers may lead to lower demand for our products, impacting our market position and ability to generate revenue growth.

MITIGATION

- Our merchandising teams actively collaborate with our suppliers to continuously curate our range of products to adapt and meet the needs and tastes of our customers.
- Our *better choices*™ initiative has been launched to highlight promotional products that have sustainable attributes, giving our customers the ability to research product attributes and supplier standards and certifications related to sustainability, environmental impact, workplace culture and more.

DIRECTION

- **The transition to a low carbon economy is driving changes in consumer preferences towards sustainable products.**
- **However, most of the products in our broad range are also sold unbranded in the retail setting, with the pace of the transition towards sustainable choices likely to remain quite manageable.**

Unchanged

STAKEHOLDER ENGAGEMENT

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 section 414CZA of the Companies Act 2006.

Section 172 Statement

4imprint's key stakeholders and outcomes are set out along with our Business Model on pages 18 and 19. Our Board members understand and embrace the responsibility of balancing the interests of this wide stakeholder base. 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 generate positive outcomes for, our key stakeholders.

The Board of 4imprint sets the tone by nurturing, monitoring and reaffirming 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 and 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 following tables.

Team members

WHAT'S IMPORTANT

Investment in our people is a key driver of our competitive advantage (see Strategic Objective on page 10). We can only deliver a remarkable 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 a safe, diverse and inclusive environment that they are happy to work in and a culture that they identify with. See pages 21 to 23 for further discussion on people and culture.

ENGAGEMENT

- Open and honest culture involving regular communications/updates with team members, whether in-person, via our in-house social media platform or by email/video call for team members working from home
- Competitive, merit-based compensation, excellent benefits package and opportunity for results-based bonus
- Ability to participate in the Group's success through bonus plans and share ownership (ESPP and SAYE plans)
- Wide range of training and development opportunities available for team members (see Sustainability on page 22)
- The Executive Directors are based at the Oshkosh site and have regular interaction with team members
- Site visits by Chairman and NEDs, usually including an annual two-day visit and Board meeting in Oshkosh; not possible in 2021 due to COVID-19 restrictions

DECISIONS, ACTIONS AND OUTCOMES

- Re-affirmed our commitment to a people-led approach;
  - Protection and retention of our team as our first priority
  - No enforced lay-offs
  - Benefits package not diluted
- Monitored the continuing impact of the COVID-19 pandemic on the business, prioritising employee health and safety and compliance with laws and regulations
- Further investment in and development of enhanced work from home capabilities
- Continuous development and cultivation of 4imprint culture and working environment, including enhanced articulation of DEI principles
- Return to pay increases in 2021 after pandemic-driven wage freeze, including re-basing of starting/lower end of wage scale
- Good participation rates in 2021 US employee share ownership (ESPP) plan
- Regular input from the NED with responsibility for championing the interests of team members ('Employee Voice'), including review of third party annual detailed employee survey
- Low staff turnover rates; a good result at a very stressful time for the business

Customers

WHAT'S IMPORTANT

Our purpose (see inside front cover) 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.

ENGAGEMENT

- Emphasis on providing remarkable customer service within a culture of continuous improvement
- Guiding each customer to their 'perfect product'; product quality, safety, price and range development
- Regular customer surveys
- Periodic extensive customer market 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
- Responsible use of personal data

DECISIONS, ACTIONS AND OUTCOMES

- Successful re-calibration of the marketing mix including reallocation of funds away from print catalogues and towards brand (primarily TV) to resonate with shifts in customer behaviour and working patterns
- Ongoing development of a curated, easy to access range of products allowing customers to make informed decisions over what they purchase
- Renewed focus on service quality; this was particularly important in the second half of 2021 given the disruption to the fulfilment and delivery of customer orders caused by supply chain issues
- Monitoring of product trends and developments; particularly important in the market conditions created by the COVID-19 pandemic
- Continued focus on ethical sourcing and product safety/compliance
- Launch of *better choices*™ initiative to highlight promotional products that have sustainable attributes, giving our customers the ability to research product features and supplier standards and certifications related to sustainability, environmental impact, workplace culture and more (see page 29)

Suppliers

WHAT'S IMPORTANT

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 the functional, safety and environmental requirements that are essential to the success of the business. Our supplier relationships are discussed in more detail on pages 23 and 24.

ENGAGEMENT

- Regular meetings, information sharing and site visits (where possible given pandemic-related restrictions)
- Supplier agreements and expectation setting
- 4imprint 'Supply Chain Code of Conduct'
- Visits, in conjunction with suppliers, to offshore factories where the base product is manufactured; programme further curtailed in 2021 due to pandemic
- Cooperation with suppliers in marketing campaigns

DECISIONS, ACTIONS AND OUTCOMES

- In 2021 we worked closely with our suppliers to address the extensive and disruptive supply chain issues that came to the fore in the second half of the year
- Renewed focus on product range development in the context of a rapidly changing product mix, including some further development of exclusive and 'own-brand' products
- Retained our commitment to paying all suppliers promptly to terms
- 4imprint's Social & Ethical Principles Statement was updated and reissued in 2021
- Annual review of Modern Slavery Statement

STAKEHOLDER ENGAGEMENT CONTINUED

Community

WHAT'S IMPORTANT

Most of our team members live locally to their place of work, 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 23.

ENGAGEMENT

- 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
- 'one by one®' charitable giving programme

DECISIONS, ACTIONS AND OUTCOMES

- Impact of 4imprint volunteers in the community
- Charitable donations – over 1,200 'one by one®' charitable grants made in 2021, despite the restrictions presented by COVID-19
- Use the power of promotional products to spread the message
- 4imprint's profile and reputation in the local community enhanced, improving our ability to attract and retain high quality, locally-based team members in very tight labour markets

Pension Plan Trustee and members

WHAT'S IMPORTANT

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.

ENGAGEMENT

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

DECISIONS, ACTIONS AND OUTCOMES

- Board updates on Plan funding level and pension matters generally
- Contributions paid into the Plan at the agreed level throughout 2021
- Significantly improved funding level for the Plan as a result of regular contributions, funding of transfers out and 'lump sum' of £7.5m ($9.1m) paid into the Plan in May 2020, all as agreed with the Trustee
- Well-articulated eventual 'endgame' for the Plan, leading to final de-risking phase with agreed target of full funding on a buyout basis by mid 2024

Shareholders

WHAT'S IMPORTANT

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.

ENGAGEMENT

Our key Shareholder engagement activities are:

- Annual Report & Accounts
- Investor Relations website
- Annual General Meeting ("AGM")
- Results announcements, investor roadshows and periodic trading/performance updates
- Meetings and calls throughout the year with existing and potential investors, including ESG/Compliance departments
- Meetings with Chairman, NEDs and Company Secretary as required

DECISIONS, ACTIONS AND OUTCOMES

- Frequent communication and active governance at Board level, including timely communications to the market of the effects of the pandemic and associated supply chain difficulties on the business, and mitigating actions taken addressing order intake, operational adjustments and the Group's liquidity position
- Detailed Board review and re-affirmation of growth strategy and evolution of the marketing portfolio
- Involvement of Company Secretary and Chairman in ESG discussions with Shareholders and compliance agencies
- Shareholder register and investor relations activity regularly reviewed by the Board
- Emphasis on culture, ethics and sustainability in Board discussions
- Extensive review of Remuneration Policy and Shareholder consultations in preparation for requesting Shareholder approval at the AGM in May 2021
- Re-introduction of Interim and Final dividend payments
- Recruitment of two additional NEDs with complementary skills to existing Board members and addressing diversity guidelines

The Strategic Report was approved by the Board on 15 March 2022.

KEVIN LYONS-TARR
CHIEF EXECUTIVE OFFICER

DAVID SEEKINGS
CHIEF FINANCIAL OFFICER

CORPORATE GOVERNANCE REPORT

Building a sustainable business reflecting our identity & values

Chairman's introduction

On behalf of the Board of 4imprint Group plc, I am pleased to introduce the 2021 Corporate Governance Report.

The Board remains committed to strong and appropriate corporate governance, and supports the principles and provisions contained in the UK Corporate Governance Code 2018 (the "Code"). I am pleased to confirm that in the 2021 financial year 4imprint has operated in full compliance with the Code.

This Corporate Governance Report contains:

- Details of the Board of Directors
- The Statement on Corporate Governance
- The Report of the Nomination Committee
- The Report of the Audit Committee
- The Report of the Remuneration Committee
- The Directors' Report

During 2021 we welcomed three new Non-Executive Directors to the Board of 4imprint. In March, we appointed John Gibney, who succeeded John Warren as Chair of the Audit Committee after John's retirement at the AGM in May. In September, with a view to strengthening the depth and diversity of our Board, we appointed Lindsay Beardsell and Jaz Rabadia. Lindsay brings extensive legal, governance and commercial experience and Jaz has an impressive background in energy management and sustainability. We look forward to benefitting from their contribution to the Board in the years ahead.

In 2021 the Board has devoted considerable time to discussion of the Group's ESG agenda. In particular, the Directors focused on supporting management in the development and execution of several exciting and deliverable sustainability initiatives.

On behalf of the Board, I would like to congratulate the Group Environmental Committee on achieving its stated *CarbonNeutral*® goal one year early, in addition to making substantial progress on other important initiatives. More detail on our progress can be found in the Sustainability section on pages 20 to 29 of the Strategic Review.

I am extremely proud of the Board's work in 2021 in supporting the executive and leadership team in managing the business's recovery from the pandemic, whilst at the same time, maintaining high standards of corporate governance. I would like to thank my fellow Directors for their continued commitment and contribution to 4imprint.

PAUL MOODY
CHAIRMAN
15 March 2022

BOARD OF DIRECTORS

Committees:
- Audit Committee
- Nomination Committee
- Remuneration Committee
- C Chair

PAUL MOODY
NON-EXECUTIVE CHAIRMAN

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

Paul currently serves on the Board of Card Factory plc as Non-Executive Chairman. He was previously Non-Executive Chairman of Johnson Service Group plc and a Non-Executive Director of Pets at Home Group plc. Paul has extensive public company experience spending 17 years at Britvic plc, including the last eight 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 GIBNEY C
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Non-Executive Director in March 2021.

John is a Chartered Accountant who has extensive public company experience, having served for 17 years as Chief Financial Officer of Britvic plc, a leading European soft drinks business, where he was responsible for finance, legal, estates, risk management, quality, safety and environment and procurement. Prior to joining Britvic John was Senior Corporate Finance & Planning Manager for Bass plc, and prior to that role, Finance Director and subsequently Deputy Managing Director of Gala Clubs. John has previously been a Non-Executive Director and Chair of the Audit Committee at PureCircle PLC and Dairy Crest PLC.

CHARLES BRADY C

SENIOR 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 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).

CHRISTINA (TINA) SOUTHALL C

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Non-Executive Director in May 2019.

Tina is the Executive Vice President – People for Bally Interactive which is a NYSE listed company operating some of the world's biggest casinos, iGaming and sports media sites. Prior to this, Tina held executive sales and marketing roles at Vodafone Group Plc, culminating in her appointment as Regional Director, Northern Europe for Vodafone Global Enterprise, and she served as a long-standing Trustee of The Vodafone Foundation. Prior to joining Vodafone, Tina held senior positions at Avis Europe and at the RAC.

LINDSAY BEARDSELL

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Non-Executive Director in September 2021.

Lindsay is currently Executive Vice President and General Counsel at Tate & Lyle plc, the global supplier of food and beverage ingredients, which she joined in 2018. In addition to her extensive legal and governance background, Lindsay brings a breadth of commercial experience, both in the UK and internationally, having previously worked as General Counsel at Ladbrokes Coral plc, SuperGroup plc and Gazprom Energy Group. She is a graduate of European Law from the University of Warwick.

JAZ RABADIA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Non-Executive Director in September 2021.

Jaz is a Chartered Energy Manager with over 14 years of experience in energy, recycling and sustainability roles. She is currently Head of Responsible Business and Sustainability at Just Eat Holding Ltd, an online food order and delivery service, which she joined in December 2021. Prior to this she was Director of Energy, Sustainability and Social Impact at WeWork and she has also held senior positions at Starbucks Coffee Company and Sainsbury's Supermarkets Ltd. In 2015 Jaz was awarded an MBE for services to sustainability in the energy management sector and promoting diversity amongst young people in the STEM sectors.

STATEMENT ON CORPORATE GOVERNANCE

Statement of compliance with the UK Corporate Governance Code

The Board supports the principles and provisions of the UK Corporate Governance Code 2018 (the "Code"). The Code sets out guidance 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 the Code's provisions throughout the financial year. Where the provisions have not been complied with, companies must provide an explanation.

For the year ended 1 January 2022, the Board considers that the Company has complied with the provisions of the Code.

The 2018 Code is 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 look after the interests of all of its stakeholders. 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 determining risk appetite, establishing procedures to manage risk and overseeing the Group's internal control framework. This involves undertaking appropriate assessments of the Group's emerging and principal risks, monitoring the Group's risk management and internal control systems and reviewing their effectiveness. The Board is assisted in fulfilling these responsibilities by the Audit Committee and the Business Risk Management Committee. The aim of these procedures is to manage and mitigate the risk of any failure 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, which can be found on the Company's website at https://investors.4imprint.com/investors/shareholder-information/agm-company-documents/.

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 comprised eight members, namely the Independent Non-Executive Chairman, five 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 50 and 51.

On 8 March 2021 the Board appointed John Gibney as a Non-Executive Director. John replaced John Warren as Chair of the Audit Committee following his retirement from the Board at the close of the 2021 AGM. On 1 September 2021 the Board appointed Lindsay Beardsell and Jaz Rabadia as Non-Executive Directors. Details of the recruitment process are included in the Nomination Committee Report on pages 57 to 59.

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 1 February 2022 for Paul Moody, 8 May 2019 for Tina Southall, 8 March 2021 for John Gibney, 11 June 2021 for Charles Brady, and 1 September 2021 for Lindsay Beardsell and Jaz Rabadia. 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. This schedule was updated during 2020 to reflect the recommendations of the FRC's Guidance on Board Effectiveness and the requirements of the Code. The schedule was re-considered and approved by the Board at its meeting on 14 December 2021.

The schedule of matters reserved for the Board includes, but is not limited to:

- Considering and approving the Group's purpose, values and strategic aims and objectives.
- Overseeing the Group's operations, management and performance.
- Approving any changes to the Group's capital, corporate or management structures.
- Approving Interim and Final results announcements and the Annual Report and Accounts.
- Approval of dividend policy, declaration of interim dividend and recommendation of final dividend.
- Maintaining a sound system of internal control and risk management.
- Approval of major capital expenditure and commercial agreements.
- Ensuring effective communications with Shareholders and the market.
- Overseeing Board structure, membership and continuity.
- Determining the Remuneration Policy for Directors, Company Secretary and senior executives.
- Approving delegation of authority to Board committees and executive management.
- Ensuring that appropriate corporate governance procedures are in place.
- Approval of Group policies and statements.
- Review and approval of any other matter likely to have a material impact on the Group.

The Board delegates other specific responsibilities to its principal 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 57 to 77.

The Board is ultimately responsible for oversight of the Group's environmental initiatives and climate-related risks and opportunities, including oversight of the Group Environmental Committee. Further details regarding governance in this area are given in the Sustainability section on pages 24 and 25.

The Board delegates day-to-day management of the Group to the Executive Directors. Detailed management accounts and operational reports are distributed to the Board on a monthly basis, in addition to information prepared for presentation at regular Board meetings.

The Board has at least six scheduled meetings per year and additional Board meetings are convened as and when required. In order to address the ongoing challenges arising from the effects of the COVID-19 pandemic, additional Board meetings were held during 2021. Board and Committee meetings were primarily held online during 2021, with the September Board meeting being a hybrid meeting with the UK-based Directors meeting in person and the US-based Directors attending virtually.

A table detailing 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	Nomination Committee meetings	Remuneration Committee meetings(i)
Number of meetings in 2021	9	2	5	3
P. Moody	9	2*	5*	3*
K. Lyons-Tarr	9	2*	5*	3*
D. Seekings	9	2*	5*	3*
L. Beardsell (ii)	2	0	1*	1*
C. Brady	9	2	5	3
J. Gibney (iii)	7	2**	3**	1
J. Rabadia (ii)	3	0	1*	1*
C. Southall	9	2	5	3
J. Warren (iv)	4	1	3	2

* By invitation.
** One meeting 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) Lindsay Beardsell and Jaz Rabadia joined the Board on 1 September 2021.
(iii) John Gibney joined the Board on 8 March 2021.
(iv) John Warren retired from the Board on 18 May 2021.

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 formal terms of reference which were re-considered and approved by the Board at its meeting on 14 December 2021. Reports from each of these Committees are provided on pages 57 to 77.

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.

As a consequence of the travel restrictions in place due to the COVID-19 pandemic, the UK-based Non-Executive Directors were unable to visit the 4imprint site in Oshkosh, Wisconsin during 2021. Instead, the annual strategy review day in November was held online and included presentations from and discussions with members of the Senior Management Team.

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. 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.

STATEMENT ON CORPORATE GOVERNANCE CONTINUED

Board activities in 2021

Strategy

- Consideration of the Group's strategy and associated planning in the context of ongoing challenges presented by the COVID-19 pandemic
- Consideration and approval of proposed responses to the pandemic, including continued re-shaping of the marketing portfolio
- Consideration of employee matters including prioritisation of employee health and wellbeing throughout the pandemic and the development of hybrid working arrangements
- Consideration of environmental initiatives to support *CarbonNeutral*® goal and review and approval of solar panel project to commence in 2022

Governance

- Recruitment and induction of three new Non-Executive Directors, including one to act as Chair of the Audit Committee
- Finalisation of the Remuneration Policy for approval at the 2021 AGM
- Discussion of company culture and employee engagement in light of continuing pandemic and evolving working from home arrangements, including reports from the Employee-Voice NED
- Oversight of Group environmental initiatives
- Review of Group's key corporate policies and procedures, matters reserved for the Board and Terms of Reference of Committees
- Internal Board Effectiveness Review

Finance

- Review and approval of full year and half year results
- Review and approval of 2022 budget and three-year plan including scenario planning
- Regular market updates on trading throughout COVID-19 pandemic and supply chain challenges in H2 2021
- Consideration of dividend policy throughout 2021 including re-establishment of dividend payments through the 2021 interim dividend

Risk management

- Ongoing consideration and discussion throughout 2021 on impact of and response to COVID-19 pandemic
- Discussion of supply chain challenges and actions to address them
- Review of principal risks and uncertainties
- Ongoing development of Group risk matrix and internal control procedures
- Initial planning to address requirements of BEIS proposals

Throughout the period ending 1 January 2022 and in accordance with provision 28 of the 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 36 to 43.

The Board has assessed the future prospects of the Group in accordance with provision 31 of the 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 pages 34 and 35.

Board Effectiveness Review

The Code requires 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. In 2020 an internal Board Effectiveness Review was carried out by the Chairman and Company Secretary and during 2021, the Board has addressed the feedback from the review as set out as follows:

Feedback from 2020 Board Effectiveness Review	2021 Activities
Board interaction with the Senior Management Team	Ongoing travel restrictions imposed due to the COVID-19 pandemic have made interaction between the Senior Management Team in the US and the UK-based NEDs more challenging. During 2021 online Board meetings have included presentations from members of the Senior Management Team; the Group Environmental Committee; and the Business Risk Management Committee. Tina Southall, the Employee-Voice NED, continues to have regular update calls with members of the US Human Resources Team and provides feedback to the Board.
Board communication with stakeholders	Progress has been made on this during 2021, despite the communication challenges arising from the COVID-19 pandemic (see s172 statement on pages 44 to 47).

Feedback from 2020 Board Effectiveness Review	2021 Activities
Succession planning	John Gibney was appointed as a Non-Executive Director on 8 March 2021 and became Chair of the Audit Committee in May 2021 following the retirement of John Warren. Jaz Rabadia and Lindsay Beardsell were appointed as Non-Executive Directors on 1 September 2021. The induction of the new NEDs has been a key area of focus during H2 2021 and will continue in 2022. The Nomination Committee has reviewed the succession plan for the Executive Directors. This has been developed into a plan with aims to address the training and experience gaps identified amongst the potential internal candidates.
Environmental initiatives	Following the Board approval of the Environmental Framework in October 2020, considerable work has been undertaken during 2021 on environmental initiatives, primarily focussing on our stated *CarbonNeutral*® goal and our *better choices*™ initiative. For more information see pages 25 and 29.

During 2021, the internal Board Effectiveness Review was repeated. The review took the form of a questionnaire, with each Director asked to provide a score for each question and a written comment if appropriate. The questionnaire was supplemented by one-to-one discussions between the Chairman and each of the Directors. The output of the evaluation was presented in a report to the Board at its December 2021 meeting and the Directors discussed the points raised by the review. Overall, the feedback from the evaluation was very positive. The main areas of focus identified for 2022 are set out below.

Topic	Feedback
Succession planning and Senior Management Team engagement	Considerable progress was made during 2021 in building the succession plan for the Executive Directors. 2022 will bring a sharper focus by adding appropriate resource to release time for potential internal candidates to build their broader Company knowledge and address knowledge/skill gaps. Additionally, the NED group will increase their engagement with members of the Senior Management Team to continue to enhance their view about the talent strength and depth in the Group. Although the pandemic and the associated travel restrictions of the last two years have made this more challenging, progress has been made with members of senior management participating in meetings virtually.
ESG focus and initiatives	Although still at an early stage, during 2021 the Group made great progress in relation to developing and executing a sustainability strategy, initially centred on achieving Carbon Neutrality with respect to aspects of the business operations directly under our control, and initiatives to further develop our offering of products with verified sustainability characteristics. 2022 will see continued emphasis on our work to reduce our environmental impact. In addition, we will further expand our efforts to increase the positive impact that we have on our communities and continue to build the already very strong culture and values of our Group.
BEIS planning	The Board members will ensure that they constructively monitor, contribute to and support the development of systems and reporting mechanisms that will be necessary to address the governance responsibilities likely to be required under the BEIS proposals.
Post-pandemic recovery	Throughout 2021, Board members were closely and regularly engaged in supporting the Executive Team to navigate through the broad implications of the pandemic. The Board will continue to bring challenge, support and advice to the Executive Team as a return to a more stable market occurs, recognising that many financial, operational and cultural changes will potentially have long-term effects.

The Board plans to conduct an external performance review during 2022.

In November 2021 the Senior Independent Director undertook an assessment of the performance of the Chairman throughout 2021. This assessment took the form of individual interviews between the Senior Independent Director and each Board member, excluding the Chairman, and the feedback from the assessment was presented in a report to the Board and discussed at its December 2021 meeting. The feedback on the Chairman was entirely positive and the Board members were fully satisfied with his performance during 2021.

STATEMENT ON CORPORATE GOVERNANCE CONTINUED

Corporate Governance Policies

The following Corporate Governance Policies were reconsidered and approved by the Board at a meeting on 14 December 2021.

- Anti-bribery, Financial Crime and Sanctions Policy.
- Disclosure Policy.
- Dealing Policy and Code.
- Whistleblowing Policy.

In addition, the following Company Statements were reconsidered and approved by the Board at a meeting on 19 January 2022. Copies of these statements can be found on our IR website at http://investors.4imprint.com

- Environmental Principles Statement.
- Social & Ethical Principles Statement.
- Diversity, Equity and Inclusion Principles Statement.
- Modern Slavery Statement in respect of the financial year ended 1 January 2022.

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. 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.

Engagement with stakeholders

The Board is committed to its responsibilities to all of its stakeholders, including Shareholders, team members, customers, suppliers, the communities in which it operates and the Pension Plan Trustee and members, 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 2006 s172 statement on pages 44 to 47 sets out how the Board has engaged with these different stakeholder groups.

NOMINATION COMMITTEE REPORT

2021 HIGHLIGHTS

- Recruitment and induction of a new Independent Non-Executive Director to be Chair of the Audit Committee following the retirement of John Warren.
- Recruitment of two additional Independent Non-Executive Directors to further strengthen the skills and experience of the Board and improve diversity.
- Review of succession considerations and options for the Executive Directors and Senior Management Team.
- Development of Diversity, Equity and Inclusion Policy and framework.

2022 PRIORITIES

- Continuing the induction process for the new Non-Executive Directors including engagement with members of the Senior Management Team.
- A visit to the Oshkosh site during 2022 is a priority if travel restrictions allow.
- Implementation of actions for succession planning for the Executive Directors and Senior Management Team.
- Further development of specific Diversity, Equity and Inclusion initiatives.

Members and attendance

Tina Southall (Chair from 18 May 2021)	5/5
Charles Brady (Chair until 18 May 2021)	5/5
John Warren (member to 18 May 2021)	3/5
John Gibney (member from 18 May 2021)	3/5*

* One by invitation

Chair's overview

As Chair of the Nomination Committee, I am pleased to present my report for 2021. The focus of the Committee in 2021 has been on strengthening the Board through the recruitment of three new Independent Non-Executive Directors and on the further development of the succession plan for the Executive Directors.

NOMINATION COMMITTEE REPORT CONTINUED

Responsibilities of the Nomination Committee

The responsibilities of the Nomination Committee include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- Ensuring plans are in place for orderly succession to Board and senior management positions, and overseeing the development of a diverse pipeline for succession.
- Identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise.
- Making recommendations to the Board concerning membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chair of those Committees.

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 considered and approved by the Board at its meeting on 14 December 2021. These terms of reference are available for inspection on the Company's website.

Composition of the Nomination Committee

I have chaired the Nomination Committee since 18 May 2021, taking over from Charles Brady, and I am an Independent Non-Executive Director. The other members of the Committee during the period were John Warren, until his retirement from the Board of Directors on 18 May 2021; Charles Brady, the Senior Independent Non-Executive Director; and, from 18 May 2021, John Gibney, an Independent Non-Executive Director. Paul Moody, the Non-Executive Chairman of the Company, is usually invited to attend formal meetings of the Committee, as are the two new Non-Executive Directors, Lindsay Beardsell and Jaz Rabadia. 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. During the period ended 1 January 2022 there were five meetings of the Nomination Committee, three more than usual, reflecting the Committee's role in the recruitment of three new Non-Executive Directors in the year. Details on attendance of meetings of the Nomination Committee is set out in the Statement on Corporate Governance, found at page 53.

Main activities of the Nomination Committee during the period ended 1 January 2022

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

- Recruiting a new Independent Non-Executive Director to be Chair of the Audit Committee following the retirement of John Warren in May 2021.
- Scoping and initiation of a recruitment exercise to identify candidates for an additional Non-Executive Director role to further strengthen the skills, experience and diversity of the Board.
- Interviewing and considering potential candidates for this role and making recommendations to the Board, culminating in the appointment of two further Non-Executive Directors.
- Implementing an induction process for new Non-Executive Directors.
- Reviewing the membership of the Board's committees and recommending changes to the Board.
- Reviewing and discussing with the Executive Directors a specific plan for talent management and succession planning to focus on the development of potential internal candidates for vacancies that arise. 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.
- Development of the Company's Diversity, Equity and Inclusion strategy with a view to developing specific initiatives to support this (see pages 22 and 23 for details).
- Participation in the Internal Board Effectiveness Review undertaken in November 2021 (see pages 54 and 55 for details).

New Board appointments in 2021

The retirement of John Warren from the Board of Directors and as Chair of the Audit Committee with effect from the 2021 AGM after nine years of service, prompted a number of changes to the composition of the Board and its Committees.

Following an external recruitment process, John Gibney joined the Board of Directors on 8 March 2021 as an Independent Non-Executive Director and to replace John Warren as Chair of the Audit Committee. The Committee recommended to the Board, and the Board accepted the following recommendations, which became effective from the close of the AGM on 18 May 2021:

- John Gibney was appointed Chair of the Audit Committee.
- Tina Southall was appointed Chair of the Nomination Committee, replacing Charles Brady who stood down from this position.
- Charles Brady was appointed Senior Independent Director, replacing John Warren who previously held this position. Charles Brady remains as Chair of the Remuneration Committee.

In order to further strengthen the skills, competencies and relevant experience of the Board and to increase Board diversity, in 2021 the Company undertook a further search process to recruit an additional Independent Non-Executive Director. After conducting interviews, and following discussion by the Committee, the Committee recommended to the Board the appointment of two new Independent Non-Executive Directors, each with very different skills and experience to bring to the role. As a consequence, Lindsay Beardsell and Jaz Rabadia were appointed to the Board with effect from 1 September 2021. Lindsay brings a breadth of legal, governance and commercial experience to the Board and Jaz brings expertise in the areas of energy management and sustainability. The Directors' biographies are included on pages 50 and 51.

Induction process

During the year the Committee has overseen the induction process for the three new Non-Executive Directors. This included meetings and discussions with other Board members and the Company Secretary; introductory meetings with members of the Senior Management Team; meetings with the external auditor and other professional advisers; training from external advisers; and ongoing mentorship from the Chairman. A visit to the Oshkosh site and further face-to-face meetings with members of the Senior Management Team and external advisers are planned for 2022.

External search consultancy

Odgers Berndtson, external recruitment consultants, were engaged to conduct the search process for the recruitment of an Independent Non-Executive Director to join the Board and Chair the Audit Committee, and for the search process that led to the recruitment of two additional Independent Non-Executive Directors in September 2021.

Odgers Berndtson was also engaged to conduct the recruitment of Tina Southall in May 2019 and a Board Effectiveness Review in October 2019 but otherwise has no 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, gender identity, 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, at the date of this report, the Board is 37.5% female (three women out of eight Board members). In November 2021 the Company took part in the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) which monitors gender balance in FTSE 100 and FTSE 250 companies. In addition to reviewing gender diversity at Board level, the FTSE Women Leaders Review reports on the gender diversity of the Senior Management Team and their direct reports. Based on data as at 31 October 2021, 52.2% of the Senior Management Team including direct reports were female (54.6% based on data at 31 October 2020 and 42.9% based on data at 30 June 2019).

In November 2021, the Company also took part in the Parker Review which monitors ethnic diversity at Board level in FTSE 100 and FTSE 250 companies. The Committee is pleased to report that following the appointment of Jaz Rabadia as an Independent Non-Executive Director, the Company has met the recommendation of the Parker Review that by 2024, FTSE 250 companies should have at least one director who identifies as a Director of Colour.

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 Sustainability section on pages 21 to 23.

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 50 and 51. Each Director named therein will be seeking re-election at the 2022 AGM. The Board is satisfied that, having been subject to a recent 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, Lindsay Beardsell, Charles Brady, John Gibney, Jaz Rabadia 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 balance of skills of the Board, the tenure of existing Non-Executive Directors and the Company's strategy and Diversity, Equity and Inclusion Principles.

TINA SOUTHALL
CHAIR OF THE NOMINATION COMMITTEE
15 March 2022

AUDIT COMMITTEE REPORT

2021 HIGHLIGHTS

- Reviewing key judgments and estimates taken by management in the preparation of the financial statements.
- Overseeing the management and the satisfactory conclusion of the year-end audit process in the light of the challenges presented by the pandemic.
- Overseeing the development and implementation of the enhanced risk management and internal control framework.
- Ensuring appropriate consideration of the ongoing impact of the COVID-19 pandemic and supply chain challenges in the disclosures throughout the Annual Report and Accounts and in the preparation of the financial statements.
- Ensuring that the Group's internal controls continue to operate effectively.
- Review of the disclosures made for the first time in the Annual Report in relation to the TCFD reporting requirements.
- Consideration of environmental risks and related disclosure across the Annual Report and Accounts, including the potential impact on viability, going concern, and the financial statements.

2022 PRIORITIES

- Development and documentation of the internal control framework in preparation for the potential introduction of the BEIS proposals.
- Further embedding the new risk management and internal control framework and consideration of principal risks identified.
- Review of cyber risk, mitigations and effectiveness of controls.

Members and attendance

John Warren (Chair, retired 18 May 2021)	1/2
John Gibney (Chair from 18 May 2021)	2/2*
Charles Brady	2/2
Tina Southall	2/2

* One by invitation

Chair's overview

I am pleased to present my report for 2021, my first as Chair of the Audit Committee. The focus of the Committee in 2021 has continued to be on the impact of the pandemic on the Group's results, risk and controls, the audit process and ensuring that our external reporting remains fair, balanced and understandable. In addition, the Committee has continued its oversight of the implementation and development of the risk management and internal control framework.

Responsibilities of the Audit Committee

The Audit Committee is responsible for maintaining an appropriate relationship with the Group's external auditor, monitoring the audit process and for reviewing the Group's internal financial controls and risk management. 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 considered and approved by the Board of the Company at its meeting on 14 December 2021. These terms of reference are available for inspection on the Company's website.

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 auditor and also considers the scope of their work and fees paid for audit and non-audit services.

Composition of the Audit Committee

I am an Independent Non-Executive Director and I have chaired the Audit Committee since 18 May 2021 following the retirement of the previous Audit Committee Chair, John Warren. I am a Chartered Accountant and was Chief Financial Officer of Britvic plc for 17 years. The Board is of the view that I have recent and relevant financial knowledge and experience derived in particular from recent roles as Non-Executive Director and Chair of the Audit Committee at PureCircle PLC and Dairy Crest PLC.

The other members of the Committee during the period were Charles Brady and Tina Southall, both Independent Non-Executive Directors. The Company Secretary attends meetings of the Audit Committee and the Chairman, other Non-Executive Directors 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 external audit partner also attends meetings that consider the auditor's planning report, the half year results announcement, full year results announcement and Annual Report and Accounts.

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 auditor. 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 Chair 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 2021.

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 auditor.

Main activities of the Committee in regard to the period ended 1 January 2022

In regard to the period ended 1 January 2022, 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 auditor, in particular the key judgments and estimation uncertainties relating to the continuing impact of COVID-19, associated disruption to the supply chain and impact of environmental risks on viability, going concern and the financial statements.
- Review of external audit.
- Interaction with the Financial Reporting Council following their review of the 2020 Annual Report and Accounts.
- Input into the risk management and internal control framework, including the consideration of current and emerging risks in relation to the environment.
- Consideration of the internal controls within the Group.
- Consideration and approval of risk assessments relating to the Group's businesses.
- Review of the Annual Report and Accounts to ensure that, taken as a whole, the document is fair, balanced and understandable.
- Consideration and discussion of the BEIS Corporate Governance Proposals.

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 Report 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 2021 half and full year results announcements and the Annual Report and Accounts for the period ended 1 January 2022.

The external auditor 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 auditor, 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 2020 Annual Report and Accounts and trading updates, and information received by the Board throughout the period.
- Feedback from the FRC following their review of the 2020 Annual Report and Accounts.
- Climate-related disclosures, including those in relation to the TCFD reporting requirements.
- 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 auditor.

As necessary, the Audit Committee holds private meetings with the external auditor 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 auditor on the full year results which highlight any issues arising from the work undertaken in respect of the year-end audit.

AUDIT COMMITTEE REPORT CONTINUED

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

Impact of COVID-19

The impact of the COVID-19 pandemic has required careful consideration in the preparation of the financial statements.

The Committee has reviewed the material assumptions in the forecast financial performance and cash flows of the Group that underpin management estimates and critical accounting judgments in relation to going concern, viability, adequacy of provisions and potential impairments, and is satisfied that 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 auditor, any estimates made in accruing supplier rebates and the collectability of these amounts. The Committee is satisfied that the amounts accrued are appropriate and are recoverable.

Expected credit loss provision on unbilled accrued revenue

Supply chain issues have led to a significantly higher backlog of orders at the year-end. It is common for a customer order to include several different product lines. Individual order lines are separately priced, have separately agreed delivery dates, and are capable of being used or enjoyed by the customer on their own, separately from any other order lines included in the overall customer order. The Group, therefore, considers each order line to constitute a separate performance obligation. However, it is the policy not to invoice a customer until all items on the order have been delivered.

As a result of the above, there was a much higher than usual revenue accrual at year-end of $28m (2020: $8m). Management have made assumptions as to the level of expected credit loss provision required, based upon knowledge of the customer, terms of payment and ageing of the accrual.

The Committee has discussed, with management and the external auditor, any estimates made in calculating the provision. The Committee is satisfied that the amounts provided are appropriate.

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 auditor and making recommendations to the Board on appointment or reappointment of the external auditor.

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 was appointed as the Group's external auditor at the 2019 AGM for the financial year commencing 30 December 2018. Chris Voogd has been the partner in charge of the audit since that date. 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 auditor, particularly in cases where the external auditor's 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 auditor's 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.

Details of fees paid to the auditor in respect of audit services are shown in note 2 to the consolidated financial statements.

To fulfil its responsibility regarding the independence of the existing external auditor, 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 auditor describing their arrangements to identify, report and manage any conflicts of interest.
- Whether or not the level of challenge to matters of significant audit risk and the degree of professional scepticism applied by the auditor were appropriate.
- The nature and extent of non-audit services, if any, provided by the external auditor.

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

- The relevant skills and experience of the audit partner and team and their knowledge of the business.
- A review of the auditor's planning report detailing scope of the audit, materiality, identification of areas of audit risk, audit team members and audit timelines.
- The engagement with senior management in planning the audit.
- Execution of the audit plan.
- Formal reports presented to the Audit Committee, prior to meetings, by senior management and the auditors about the audit process.

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 auditor's engagement letter for the forthcoming year.
- The external auditor's overall work plan for the forthcoming year.
- The external auditor's 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 auditor in their management letters and the adequacy of management's response.

Based upon its reviews, the Committee has recommended the reappointment of Ernst & Young LLP, as external auditor, to the Board.

Interaction with the Financial Reporting Council

During the year the FRC conducted a review of the Company's 2020 Annual Report and Accounts, which resulted in a request for further information about the classification of dividends received in the Company cash flow statement and tax on defined benefit pension contributions. In addition, the FRC provided some observations on a small number of other areas to take into account when considering improvements in future reporting.

The members of the Audit Committee have reviewed all correspondence between the Company and the FRC, and the points raised have been discussed with both the Board and senior management. The changes made to the 2021 Annual Report and Accounts in response to the FRC correspondence have been approved by the Audit Committee. The Chair of the Audit Committee has been closely involved at all stages.

In relation to the Company cash flow statement, the Company has acknowledged that dividends received from subsidiary undertakings have previously been incorrectly classified as a financing activity and, as agreed with the FRC, a restatement has been made in the Company financial statements to reclassify these as an investing activity (page 125). This had no impact on the cash position of the Company or Group.

On the tax on defined benefit pension contributions, the Company agreed to state its treatment more clearly in the related accounting policy note and reconsider the allocation of this tax between the income statement and other comprehensive income in future accounting periods. Any reallocation would have no net impact on the tax charge in the income statement but would change the split between current and deferred tax.

The FRC's queries regarding the above matters were resolved to their satisfaction and the review has been closed. In their correspondence, the FRC states that its review is based on the Company's 2020 Annual Report and Accounts; it does not benefit from a detailed understanding of underlying transactions and provides no assurance that the Company's 2020 Annual Report and Accounts are correct in all material respects.

Risk management and 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 auditor's review of internal controls and audit highlights memoranda.
- Reports on the systems and effectiveness of internal controls and risk management.

The Group has made good progress in implementing its risk management process during the year with the commencement of meetings of the newly formed Business Risk Management Committee, the development of the Group risk and control registers, and improvements in the reporting of principal risks. The consideration of current and emerging environmental risks is now embedded into this risk management process. Please refer to the Principal Risks & Uncertainties section of the Strategic Report on pages 36 to 43 for further information.

The establishment of a separate internal audit function is not currently considered to be necessary due to reasons which have previously been stated: the present nature of the business model and structure of the Group with one main operating site; stable operating and financial systems; the close involvement of the Executive Directors in the day-to-day running of the business; regular review by senior management of detailed management information; other self-monitoring; no history of control breakdown or fraud; and when considered necessary, external advice. However, this matter will continue to be reviewed by the Board at least annually, taking into account any changes in the business structure and risk, and any changes to Corporate Governance regulations and requirements. The absence of internal audit may result in additional substantive testing by the external auditor, 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.

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 52 to 56, 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 2021 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 pages 96 and 97.

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 Audit Committee has undertaken a review of the effectiveness of internal controls and systems. No material matters were identified.

The 2022 AGM will provide an opportunity to ask 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 auditor.

JOHN GIBNEY
CHAIR OF THE AUDIT COMMITTEE
15 March 2022

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

2021 HIGHLIGHTS

- Obtained approval for the new Remuneration Policy at the 2021 AGM.
- Monitored our remuneration strategy in the context of business developments and the impact of the COVID-19 pandemic on business performance.
- Monitored governance, regulatory and investor developments on executive compensation matters.
- Considered broader employee pay and conditions.

2022 PRIORITIES

- Set bonus targets for 2022 and review business performance against these targets during the year.
- Continue to consider employee pay at all levels of the organisation.
- Continue to monitor governance, regulatory and investor developments on executive compensation.

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 motivational.
- Structured to not promote unacceptable behaviour or encourage unacceptable risk-taking.
- Structured to avoid reward for failure.

Members and attendance

Charles Brady (Chair)	3/3
Tina Southall	3/3
John Warren (member to 18 May 2021)	2/3
John Gibney (member from 18 May 2021)	1/3

On behalf of the Remuneration Committee (the "Committee") I am pleased to present the Directors' Remuneration Report for the year ended 1 January 2022. The report contains:

- 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 1 January 2022 (see pages 66 to 77) which details how our Remuneration Policy was implemented in the year ended 1 January 2022 and how we intend to implement our Remuneration Policy in 2022.
- A copy of the Remuneration Policy approved by Shareholders at the AGM in 2021.

Business context for executive remuneration

As with many businesses, during 2021 4imprint Group plc (the "Group") continued to be impacted by the ongoing COVID-19 pandemic. However, during the year the promotional products market has shown a steady recovery and following a strong second half to the year, order count for 2021 was 90% of the 2019 comparative (the most recent 'normal' year). Further challenges remain regarding the supply chain, inflationary pressures and the lingering effect of COVID restrictions on the Group's business operations. For 2021 the financial results of the business included:

- Group revenue up by 41%.
- Increase in operating profit of 672%.
- Increase in basic earnings per share of 629%.
- 2021 interim dividend paid and final dividend declared.
- Continued investment in marketing and people, positioning the business well for a strong recovery.
- Retained a strong financial position and good liquidity with net cash at the year-end of $41.59m.

Decisions on executive remuneration during 2021 have been made in the context of the factors outlined above.

Committee decisions and undertakings in 2021

Rewarding performance

At its meeting in January 2021, the Remuneration Committee made the following decisions regarding the remuneration of the Chief Executive Officer and the Chief Financial Officer:

- No 2021 basic salary increase was awarded, consistent with the approach taken across the business.
- No bonus arrangement was set for the Executive Directors for 2021. Given the significant uncertainty around the timing and scale of the economic recovery, it was not considered appropriate to set annual bonus performance targets for 2021 based on revenue growth and operating profit.

The Committee was also mindful of the position of other stakeholders and was supportive of management's view that pay rises and bonus/gain share schemes should be reintroduced across the business before implementing a specific bonus plan for the Executive Directors, an approach which reaffirms a key element of the 4imprint culture. The Committee was also cognisant of the views of Shareholders and did not want to reintroduce any bonus scheme for the Executive Directors until a return to dividend payments had been made.

This Committee reviewed its decision during 2021 but decided not to reintroduce the bonus scheme part way through the year. Accordingly, no bonuses are payable to the Executive Directors in respect of 2021.

Committee decisions and undertakings for 2022

Implementation of the Remuneration Policy in 2022

At its meeting in January 2022, the Remuneration Committee agreed to the request from the Chief Executive Officer and the Chief Financial Officer that they receive no increase in basic salary. However, this decision will be kept under review and revisited by the Committee later in 2022.

The Committee also approved the reintroduction of the Deferred Bonus Plan for the Executive Directors and approved performance targets based on the 2022 budget approved by the Board. As at January 2022, the Committee was confident that the targets set were appropriately stretching.

The Group does not operate a long-term incentive plan.

UK SAYE and US ESPP

The Company has updated the rules of its UK Save As You Earn Scheme ("SAYE") and US Employee Stock Purchase Plan ("ESPP") and will be putting them forward for approval by Shareholders at the AGM in May 2022. The rules were last approved by Shareholders at the 2012 AGM. The new rules have been updated to reflect best practice but are not substantially different from the previously approved rules.

Conclusion

I look forward to receiving your support at the upcoming AGM.

CHARLES BRADY
CHAIR OF THE REMUNERATION COMMITTEE
15 March 2022

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) (Amendment) Regulations 2013, Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code 2018. This report is unaudited except where otherwise stated. An ordinary resolution to approve this report will be put to the AGM on 24 May 2022.

The Remuneration Policy approved by Shareholders at the 2021 AGM has also been included for reference.

Remuneration governance

Remuneration Committee composition

The Remuneration Committee is comprised solely of Independent Non-Executive Directors. The members of the Committee during the period were Charles Brady (Chair of the Committee and the Senior Independent Non-Executive Director); Christina Southall; John Warren, until his retirement from the Board of Directors on 18 May 2021; and John Gibney from 18 May 2021. The Company Secretary also attends the meetings. The Committee meets at least twice a year and may invite other attendees as it sees fit. There were three Remuneration Committee meetings in 2021. Attendance at Committee Meetings in 2021 is shown in the table on page 53.

Remuneration Committee responsibilities

The responsibilities of the Remuneration Committee include:

- Determining the policy for Directors' remuneration and setting remuneration for the Company's Chairman, Executive Directors, Senior Management and the Company Secretary, in accordance with the Principles and Provisions of the Code.
- Establishing remuneration schemes that promote long-term shareholding by Executive Directors that support alignment with long-term Shareholder interests.
- Designing remuneration policies and practices to support the strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy.
- To determine the targets for any performance-related bonus and share incentive schemes operated for Executive Directors and Senior Management.

The Remuneration Committee has terms of reference which were reconsidered and approved by the Board of the Company at its meeting on 14 December 2021. These terms of reference are available for inspection on the Company's website.

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.

Willis Towers Watson are engaged as remuneration consultants to the Committee. Fees paid to Willis Towers Watson during 2021 were £31,500 (2020: £68,785).

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 18 May 2021 and this can be found on the corporate website at https://investors.4imprint.com/investors/shareholder-information/agm-company-documents/.

Remuneration Policy

The following section sets out an overview of 4imprint Group plc's Directors' Remuneration Policy (the "Policy") which was approved by Shareholders at the 2021 AGM.

Principles of Policy

The Committee is made up entirely of independent Non-Executive Directors to avoid any conflicts of interest and no individual is present at a Committee meeting where their own remuneration is discussed. The Committee ensures that it is kept up to date with published guidance from investors and shareholder representative bodies and current market practice, so that it can bear these factors in mind when formulating, and making decisions in connection with, the Policy.

The guiding principles underlying the Policy are:

(i) remuneration should be competitive when compared to remuneration in organisations of similar size and complexity in the relevant external market, without paying more than is necessary;
(ii) subject to satisfying (i) above, remuneration should be considered in the context of wider employee pay and conditions and Shareholder views;
(iii) packages should be structured so that remuneration is aligned to both the strategy of the Company and long-term growth in Shareholder value;

(iv) each element of the remuneration package should be clear, easy to understand and motivating;
(v) the overall package should be designed to take account of the performance of the business, to respond to regulatory changes but not to promote undesirable behaviour or to encourage unacceptable risk-taking; and
(vi) packages should be structured to avoid reward for failure.

Executive Director Policy Table

Element and purpose	Opportunity	Operation	Performance measures
Base salary Enables 4imprint to attract and retain executive talent	Base salaries are reviewed annually; however, increases are not automatic. Base salary adjustments reflect various factors, including increases for other employees across the 4imprint business; individual and Company performance; changes in role and responsibilities; and pay at companies of a similar size and complexity in the relevant external market. Base salaries should be competitive when compared to similar roles at organisations of a similar size and complexity in the relevant external market. Base salary increases are also considered in the context of the value of the total remuneration package.	Base salary increases will not normally exceed the average increase awarded to the wider workforce. However, in exceptional circumstances salary increases may exceed this level.	Not applicable.
Retirement benefits To provide a competitive level of retirement benefit in order to attract and retain executive talent	Executive Director retirement benefits are limited to the opportunity offered to the local workforce. This is currently capped at 5% of base salary per annum.	Executive Directors are eligible either: (i) to participate in local Company pension arrangements; or (ii) subject to the discretion of the Committee, to receive a salary supplement in lieu of pension contributions (which is not taken into account as salary for calculation of annual bonus, or other benefits).	Not applicable.
Other benefits To maintain competitiveness in attracting and retaining talent	Benefit values are set at an appropriate level taking into account market practice. The Committee reserves the discretion to approve a higher level of benefits if it is considered by the Committee to be necessary, appropriate and in the best interests of the Company and its stakeholders. For example, this may include additional benefits to cover the cost of relocation or insurance premiums.	Typical benefits may include: (i) company car or car allowance paid in cash; (ii) private medical insurance for the executive and his/her family; (iii) life assurance of up to four times base salary; (iv) income protection insurance; and (v) access to independent professional advice when necessary. Other benefits may also be offered in line with those offered to other employees, such as paid holiday. The benefits offering may differ to reflect the market practice of the country of employment or domicile of the individual Director.	Not applicable.

REMUNERATION REPORT CONTINUED

Element and purpose	Opportunity	Operation	Performance measures
Deferred Annual Bonus Scheme ("DABS")* To encourage share ownership and to incentivise and reward strong annual performance * The Deferred Annual Bonus Scheme ("DABS") has been renamed the Deferred Bonus Plan ("DBP")	The ongoing maximum potential annual bonus opportunity is 100% of base salary for FY21. However, the Policy provides the Committee with an overall maximum of 150% of base salary for use in future years, for example, in a recruitment scenario, or in order to maintain the competitiveness of the bonus relative to the market taking into account Company and individual performance and the potential value of the rest of the remuneration package. *See Recruitment Policy for further details.* The award for on-target performance is 50% of base salary where awards are made in line with the ongoing maximum opportunity of 100% of salary. Where the overall maximum of 150% is employed, the on-target bonus opportunity may be increased to 50% of the maximum, being 75% of base salary.	50% of the annual bonus is delivered in cash. 50% of the annual bonus is deferred into share awards (generally nil cost options, conditional share awards or other forms to meet regulatory or business needs) for five years following the date of grant. *See Leaver Policy for exceptions to this rule.* Cash bonus and deferred share awards are typically allocated to participants following the audit of the Annual Report and Accounts in the March following the performance period. The number of nil cost options or conditional share awards is based on the share price on 31 December of the financial year to which annual performance relates. The cash bonus and deferred share awards are subject to clawback and malus provisions.	Performance may be assessed using financial and non-financial measures. Financial performance measures may include: profitability; revenue growth; cash generation; or other financial metrics that are aligned to the business strategy. Financial objectives generally account for the majority of the annual bonus performance assessment. Non-financial corporate objectives may also be used, such as environmental, social and governance ("ESG") metrics to the extent that they align with the Board's strategy and are deemed to enhance prospective long-term growth in Shareholder value. Performance measures and targets are generally set at the start of the financial year to reflect the Group's strategic priorities. *Further details can be found in the Annual Report on Remuneration.* Once awarded, the deferred component of the annual award will not be subject to further performance targets.
Share plans To encourage employee share ownership and reward long-term value creation	Employees (including Executive Directors) may save an agreed monthly amount, and options are normally granted at a discount of up to 20% to the current share price. Savings are capped at an agreed monthly contribution rate, and the option price is set at the outset of the plan.	Periodic employee share option plans open to all employees are operated in the 4imprint Group. These take the form of HMRC approved Sharesave plans in the UK, and equivalent plans in the USA.	Not applicable.
Share ownership guidelines Provides alignment with Shareholders whilst encouraging sustainable, long-term value creation	Executive Directors are expected to maintain a holding of shares in the Company of at least 200% of annual base salary. Executive Directors are also expected to maintain a shareholding of at least 200% of base salary for one year following cessation of employment, reduced to a holding of at least 100% of base salary for the second year following cessation. *See Leaver Policy for further details.*	At least 50% of any vested share awards (net of tax) from incentive arrangements are expected to be held in order to accumulate the recommended personal shareholding. Executive Directors will have until their fifth annual bonus share award grant to accumulate their shareholding. The post-employment shareholding guideline will be enforced through contractual means.	Not applicable.

Notes to the Policy Table

Remuneration Committee discretion	When assessing incentive plan results and performance, the Committee retains the discretion to reduce (including to nil) incentive pay-out levels if it is considered appropriate in exceptional circumstances, for example, in the context of a significant health and safety failure, or an exceptional negative event significantly impacting employees or Shareholders.
Malus and clawback	Malus and clawback provisions apply to both cash and deferred share elements of the DBP. Malus includes the reduction (including to nil) of in-year and/or future year bonus amounts; and the forfeiture or withholding of unvested deferred share awards and clawback involves the recovery of annual bonus amounts that have been paid. Clawback may apply to cash bonus payments made up to two years after the relevant payment date and for deferred share awards that vested up to five years from the relevant grant date. These provisions may be invoked by the Committee if it deems this to be appropriate in the context of one or more 'trigger' events. These include: – material misstatement (including omission) in the Company's accounts – the bonus/award was based on an error, or inaccurate or misleading information – serious misconduct – corporate failure – serious reputational damage
Discretion to amend the future operation of the DBP	In the event of a variation in share capital or other event that may affect the share price, the number of shares subject to an award may be adjusted.
Minor amendments to the Policy and remuneration under previous arrangements	Minor changes may be made to the Policy for regulatory or administrative purposes without seeking further Shareholder approval for such an amendment. The Committee may make payments notwithstanding that they are not within the current Policy if they were agreed before: – the Company's first Remuneration Policy subject to binding Shareholder approval came into effect; – the Policy came into effect (provided they are in line with the Remuneration Policy at the time of agreement); or – promotion (of the individual to which the payment relates) to the Board of Directors.
Performance measures	The Committee has selected financial measures as the primary method of determining performance, as these metrics directly affect Shareholder value. The Committee, when setting the relevant targets, takes into account the Company's business plan and internal and external forecasts for the business. Strategic performance conditions are set in line with the Company's business plan and strategic priorities. At the end of the performance period, the Committee will review performance against targets and may adjust formulaic outcomes for reasons such as (but not limited to) disposals, acquisitions and changes in accounting treatment, if it is considered necessary for a fair outcome in the context of wider Company performance. Where discretion is exercised the rationale and adjustment will be disclosed in the relevant Annual Report.

Executive Director service contracts

Executive Directors have rolling service contracts, notice periods are 12 months from the Company and 6 months from the Executive Director. Any new Executive Director would be appointed on similar terms. The Executive Directors' service contracts are available for inspection at the Company's registered office.

Executive Director Recruitment Policy

The following guidelines are followed by the Committee when considering the pay and employment terms for a new Executive Director:

- The Committee aims to pay no more than is necessary to secure the right talent for the business.
- The ongoing Remuneration Policy for any new Executive Director will align to the Remuneration Policy for Executive Directors as set out in this Policy.
- Base salaries are set at a market rate in order to attract the appropriate person. Factors to be taken into account include: the individual's previous salary and remuneration package; the skills and experience of the individual; the salary of the previous role incumbent; and pay at organisations of similar size, complexity and sector in the relevant external market.
- Special arrangements may be made for a new Executive Director in order to secure their appointment. These may include:
  - The Committee may choose to provide additional compensation for incentive awards forfeited by the executive upon joining 4imprint. In such cases, we would seek to apply similar conditions to forfeited awards including performance conditions; vesting and holding periods; and form of award. Any 'buyout' payment will be reduced by an equivalent amount in the event the Executive Director's former employer pays a portion of the remuneration that was deemed foregone. Where possible, existing incentive plans will be used to satisfy such awards; however, in the event that this is not appropriate, the Committee retains the right to use the Listing Rules exemption for the purposes of a 'buyout' award.
  - An increased award limit exists under the DBP of 150% of base salary which may be used upon recruitment of a new Executive Director.
  - For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and legal fees that it considers to be appropriate. Assistance will be subject to reasonable clawback for service of less than 12 months.

REMUNERATION REPORT CONTINUED

Corporate events

Upon a takeover, unvested deferred share awards under the DBP would normally vest in full immediately. Awards may be exchanged to the extent that an offer to exchange awards for new awards is made and accepted by the award holder.

Executive Director Leaver Policy

Element/provision	Policy
Contractual notice period and loss of office compensation	– Twelve months' notice from the Company and six months from the Executive Director. – Executive Directors may be required to work during their notice period or take 'gardening leave'. Payments in lieu of notice may also be made. – Contractual non-competition payments may be made on a monthly basis for the twelve months following termination of employment subject to mitigation. – Contractual termination payments for Executive Directors include base salary, retirement and other benefits.
Treatment of bonuses	– Normally, an Executive Director may, at the Committee's discretion, receive a bonus for the year in which the Executive Director leaves, although US-based Executive Directors are entitled to continue to participate in the bonus plan up to the date of termination of employment (subject to the satisfaction of performance requirements). Any such bonus award may be paid in such proportions of cash or shares as the Committee may determine. – For 'good leavers' unvested deferred share awards will normally continue to vest as if the Executive Director had not left, with the Committee retaining the discretion to accelerate the vesting of awards where the Committee considers it appropriate (for example, if the Executive Director dies or has a terminal illness). Good leaver reasons are defined as: injury; ill health; disability; redundancy; retirement (as agreed by the Company); the company or business for which the Executive Director works being sold out of the 4imprint Group; death; or such other circumstances as the Committee may determine. – Leavers for any other reason would result in no bonus being paid, and any unvested deferred share awards would lapse.

Consideration of employee conditions in the wider Group

The Board (and therefore each Committee member) receives a report for its consideration at its meeting in January in respect of current salary levels, bonus entitlements, annual pay review and bonus proposals. This is accompanied by a verbal update from the CEO. In combination, this annual update enables the Committee to take into account conditions in the wider workforce when considering executive pay actions.

In addition, we have a dedicated Non-Executive Director who is responsible for championing the interests of team members (our 'Employee Voice') and who reports back to the Board on initiatives such as the employee engagement survey results.

The remuneration package available to Executive Directors under the Policy is broadly in line with the remuneration package afforded to our other employees. All employees (including Executive Directors) are entitled to participate in the Company's Sharesave plans in the same way. Employees may receive discretionary bonuses based on their performance, although in the case of Executive Directors and other members of Senior Management, part of any bonus earned is deferred into awards of the Company's shares. A three-year deferral period applies to awards for Senior Management and a five-year deferral period applies to awards for Executive Directors.

More information about how we engage with our team members can be found on page 44 of the Annual Report.

Consideration of Shareholder views

The Committee actively seeks and listens to Shareholder views on 4imprint's executive remuneration arrangements on an ongoing basis. In developing this Policy, the Committee undertook a significant consultation with Shareholders and carefully considered the varied views put forward.

Non-Executive Director remuneration

Element and purpose	Fees are aimed at attracting and retaining high-quality and experienced Non-Executive Directors, with fee levels reflecting the time commitments and responsibilities of the roles. Non-Executive Directors are paid a basic fee which is delivered in cash. Additional fees are not paid for Committee chairmanship and membership.
Operation	Fee levels are reviewed periodically by the Board to maintain competitiveness relative to other listed companies of a similar size, complexity and type. Non-Executive Directors do not participate in any incentive schemes and do not receive a pension.
Opportunity	Fees payable to Non-Executive Directors cannot exceed the maximum that is set out in the Company's Articles of Association. The Company does not adopt a quantitative approach to pay positioning and exercises judgment as to what it considers to be reasonable in all the circumstances as regards quantum.

Non-Executive Director letters of appointment

Non-Executive Directors are generally appointed for a period of three years, subject to annual re-election. Non-Executive Directors' appointments may be terminated without notice by either party.

Annual report on remuneration

Salaries

The Chief Executive Officer and the Chief Financial Officer received no increase in basic annual salary during 2021 and have received no increase in 2022 to the date of this report.

Pension and benefits

The Executive Directors' Pension benefits are the same as that offered to the wider workforce. Benefits include medical insurance, life assurance and income protection.

Short and long-term incentives: Deferred Bonus Plan ("DBP")

The rules of the Company's DBP were approved by Shareholders at the AGM on 18 May 2021. These rules replaced the rules of the 2015 Incentive Plan which were approved by Shareholders in April 2011 for a ten-year period. The DBP (previously called the Deferred Annual Bonus Scheme or "DABS") operates in substantially the same way as the 2015 Incentive Plan.

At its meeting in January 2021, the Remuneration Committee agreed that due to the ongoing impact of the COVID-19 pandemic on the business, it would not be appropriate to set annual bonus performance targets for 2021 for the Executive Directors. The significant uncertainty around the timing and scale of the economic recovery meant that it was not possible to set meaningful bonus targets for revenue growth and operating profit.

The Committee was also mindful of the position of other stakeholders and was supportive of management's view that pay rises and bonus/gain share schemes should be reintroduced across the business before implementing a specific bonus plan for the Executive Directors, an approach which reaffirms a key element of the 4imprint culture. The Committee was also cognisant of the views of Shareholders and did not want to reintroduce any bonus scheme for the Executive Directors until a return to dividend payments had been made.

The Committee reviewed its decision during 2021 but decided not to reintroduce the bonus scheme part way through the year. Accordingly, no bonuses are payable to the Executive Directors in respect of 2021.

For details of the annual bonus plan's operation in FY20 please see page 67 of the 2020 Annual Report and Accounts.

REMUNERATION REPORT CONTINUED

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 Lyons-Tarr and David Seekings are disclosed separately below:

	Base salary £	Benefits £	Annual bonus £	Long-term incentives £	Pension £	**Total £**	Fixed pay £	Variable pay £
K. Lyons-Tarr								
2021	**372,463**	**6,499**	**–**	**–**	**7,352**	**386,314**	**386,314**	**–**
2020	398,338	14,266	–	–	9,828	422,432	422,432	–
D. Seekings								
2021	**248,309**	**17,286**	**–**	**–**	**8,392**	**273,987**	**273,987**	**–**
2020	265,559	18,701	–	–	8,908	293,168	293,168	–
P. Moody								
2021	**150,000**	**–**	**–**	**–**	**–**	**150,000**	**150,000**	**–**
2020	150,000	–	–	–	–	150,000	150,000	–
L. Beardsell (i)								
2021	**15,000**	**–**	**–**	**–**	**–**	**15,000**	**15,000**	**–**
2020	–	–	–	–	–	–	–	–
C. Brady								
2021	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2020	45,000	–	–	–	–	45,000	45,000	–
J. Gibney (ii)								
2021	**36,865**	**–**	**–**	**–**	**–**	**36,865**	**36,865**	**–**
2020	–	–	–	–	–	–	–	–
J. Rabadia (i)								
2021	**15,000**	**–**	**–**	**–**	**–**	**15,000**	**15,000**	**–**
2020	–	–	–	–	–	–	–	–
C. Southall								
2021	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2020	45,000	–	–	–	–	45,000	45,000	–
J. Warren (iii)								
2021	**17,077**	**–**	**–**	**–**	**–**	**17,077**	**17,077**	**–**
2020	45,000	–	–	–	–	45,000	45,000	–

(i) Lindsay Beardsell and Jaz Rabadia joined the Board on 1 September 2021.
(ii) John Gibney joined the Board on 8 March 2021.
(iii) John Warren retired from the Board on 18 May 2021.

Kevin Lyons-Tarr and David Seekings US dollar remuneration

	Base salary $	Benefits $	Annual bonus $	Long-term incentives $	Pension $	**Total $**	Fixed pay $	Variable pay $
K. Lyons-Tarr								
2021	**512,323**	**8,940**	**–**	**–**	**10,113**	**531,376**	**531,376**	**–**
2020	511,586	18,321	–	–	12,623	542,530	542,530	–
D. Seekings								
2021	**341,549**	**23,777**	**–**	**–**	**11,543**	**376,869**	**376,869**	**–**
2020	341,057	24,018	–	–	11,441	376,516	376,516	–

Statement of Directors' shareholdings 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 1 January 2022	Holding at 2 January 2021
Kevin Lyons-Tarr	**265,909**	263,201
David Seekings	**186,779**	184,974
Paul Moody	**9,500**	9,500
Lindsay Beardsell	**–**	–
Charles Brady	**2,000**	1,000
John Gibney	**3,000**	–
Jaz Rabadia	**–**	–
Tina Southall	**3,000**	3,000
John Warren	**5,000***	5,000

* Or date of resignation.

The value of the Executive Directors' shareholdings at the year-end exceeds the 200% of base salary shareholding requirement. The shareholdings included in the table above are not subject to any further performance conditions.

There has been no change in the Directors' interests in the share capital of the Company from 1 January 2022 to the date of this report.

Movement in scheme interests during the financial year (audited information)

During the period, the Executive Directors exercised options under the 2015 Incentive Plan in relation to awards made in April 2018 in respect of the 2017 financial year.

During the period no awards of conditional shares were made under the DBP as, owing to the impact of the COVID-19 pandemic, the financial results of the North American business were significantly below the targets set for 2020. Owing to the continued uncertainty around the impact of the COVID-19 pandemic on the financial results of the North American business no bonus targets were set for 2021. No awards of conditional shares will be made in 2022 in respect of 2021.

Directors' interests in share schemes

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

	Holding at 2 Jan 2021	Granted during the year	Exercised	**Holding at 1 Jan 2022**	Date of grant	Share price at date of grant	Exercise price	Exercisable From	Exercisable To
K. Lyons-Tarr									
US ESPP	–	516	–	**516**	17 May 2021	£23.00	$27.61	25 July 2023	25 July 2023
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

	Holding at 2 Jan 2021	Granted during the year	Exercised	**Holding at 1 Jan 2022**	Date of grant	Share price at date of grant	Exercise price	Exercisable From	Exercisable To
D. Seekings									
US ESPP	–	722	–	**722**	17 May 2021	£23.00	$27.61	25 July 2023	25 July 2023
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

Gains made on exercise of options in the period were £111,270 for Kevin Lyons-Tarr and £74,172 for David Seekings (2020: £83,199 for Kevin Lyons-Tarr, £58,109 for David Seekings and, after leaving, £1,417 for Andrew Scull, a past Director of the Company).

REMUNERATION REPORT CONTINUED

During 2021 the middle-market value of the share price ranged from £22.05 to £31.70 and was £28.20 at the close of business on 1 January 2022.

Details of share options granted by 4imprint Group plc as at 1 January 2022 are given in note 22.

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

There were no payments to past Directors during the period.

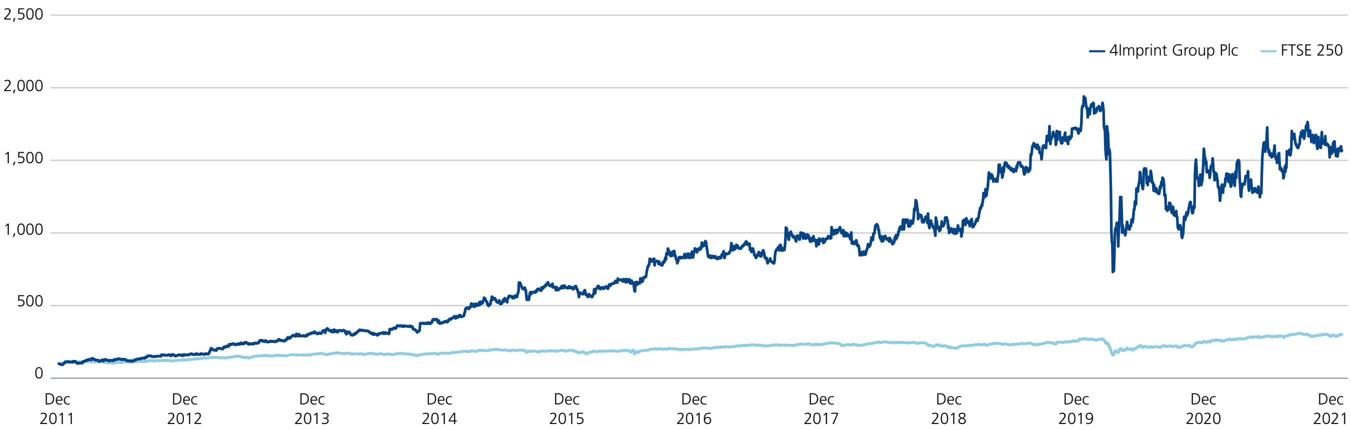
Payments for loss of office

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

Performance graph and table

Total Shareholder Return

The graph below illustrates the Company's Total Shareholder Return performance relative to the FTSE 250 Index 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

	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	**2021 £'000**
K. Lyons-Tarr				326	481	564	738	603*	422	**386**
J.W. Poulter	738	1,380	180	45						
Total remuneration	738	1,380	180	371	481	564	738	603	422	**386**
Annual variable award										
Percentage versus max opportunity (%)	n/a	n/a	100	60	40	50	100	50*	0	**0**
Long-term incentive										
Vesting rate (%)	33.30	66.70	–	–	–	–	–	–	–	**–**

* In March 2020, Kevin Lyons-Tarr waived his conditional share awards in respect of 2019.

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

Relative importance of spend on pay

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

	2021 $m	2020 $m	Percentage change
Wages and salaries	**59.62**	57.32	4%
Dividends paid	**4.13**	0.00	n/a

Percentage change in remuneration of Directors and employees

The table below shows the percentage change in remuneration of each of the Directors and the Company's employees as a whole between 2021 and 2020.

	Salary	Bonus	Taxable benefits
Average pay based on all employees	8%	n/a	-7%
Kevin Lyons-Tarr	0%	0%	-51%
David Seekings	0%	0%	-1%
Paul Moody	0%	–	–
Lindsay Beardsell	0%	–	–
Charles Brady	0%	–	–
John Gibney	0%	–	–
Jaz Rabadia	0%	–	–
Tina Southall	0%	–	–

Average pay based on all employees increased in the year as salary increases were reintroduced following a period of no increases the previous year. Additionally, above inflation increases have been required for certain roles in order to recruit and retain employees in a competitive US labour market. The all-employee gain share bonus was reintroduced for the second half of 2021 and, as there were no bonuses paid in 2020, the calculated percentage increase figure is anomalous.

CEO pay ratio

Year	Country	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	**UK**	**A**	**24.4 : 1**	**18.4 : 1**	**12.9 : 1**
2021	**US**	**A**	**17.7 : 1**	**14.5 : 1**	**10.6 : 1**
2020	UK	A	33.5 : 1	26.5 : 1	19.0 : 1
2020	US	A	25.2 : 1	19.9 : 1	14.7 : 1

The data in the table above has been calculated using Option A which provides a comparison of the Company's full-time equivalent total remuneration for all employees against the CEO's total remuneration. As the CEO is US based and the Group has just 45 UK employees (2020: 47) compared with 1,162 US employees (2020: 1,097), the calculations are shown for both the UK and US employee populations.

The data set included all employees who received base salary during the year ended 1 January 2022 and were still employed at that date. Where appropriate, remuneration has been annualised to reflect the full-time equivalent amount, for example for part-time employees and new starters in the year.

The calculations were carried out by identifying the 25th, 50th and 75th percentile employee based on total remuneration for the 2021 financial year. The calculation of total remuneration includes base pay and bonuses, benefits and employer pension contributions paid in the financial year. In the US data set, owing to the difficulty in compiling the data for each individual, medical and life cover benefits have been excluded from total remuneration. No other remuneration items have been omitted.

The Committee notes the limited availability of comparable pay ratios across companies and sectors given the range of business models and employee population profiles that exist.

Gender pay gap

The tables below show the gender pay gap as at April 2021. As 4imprint has less than 250 employees in the UK it is not required by the regulations to publish gender pay gap data. However, the Company believes it would be good practice to provide this data and has published data for both the US and UK businesses separately.

Gender pay gap in hourly pay

As at 5 April 2021

	No. of men	No. of women	Mean average %	Median average %
4imprint US	**280**	**786**	**16.64**	**4.95**
4imprint UK	**15**	**31**	**38.40**	**15.09**

REMUNERATION REPORT CONTINUED

As at 5 April 2020

	No. of men	No. of women	Mean average %	Median average %
4imprint US	312	851	12.53	(1.97)
4imprint UK	15	32	47.38	6.52

The mean pay gap is the difference in the average hourly pay for women compared to men.

In 4imprint US, men's mean pay is 16.6% higher than women's mean pay (2020 – 12.5% higher). In 4imprint UK, men's mean pay is 38.4% higher than women's mean pay (2020 – 47.4% higher). This is due to the higher representation of men in more senior roles in the employee group.

The median pay gap represents the difference in hourly pay between the salary mid-point average of women and men. In 4imprint US, the median hourly pay is slightly higher for men than for women in 2021 (2020 – 1.97% lower). In 4imprint UK, the median hourly pay is 15.1% higher for men than for women (2020 – 6.5% higher for men).

Gender pay gap – bonus pay

Employees receiving a bonus

Year to 5 April 2021

	Male %	Female %
4imprint US	**1.79**	**0.25**
4imprint UK	**0.00**	**0.00**

As at 5 April 2020

	Male %	Female %
4imprint US	96.47	97.90
4imprint UK	100.00	93.75

Gender Pay Gap in bonus pay

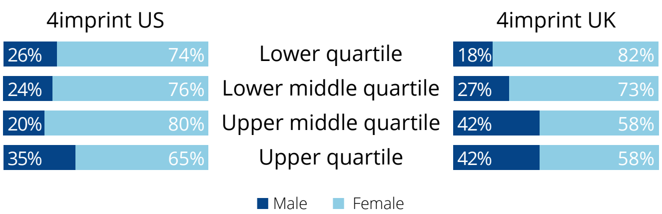
Year to 5 April 2021

	No. of men	No. of women	Mean average %	Median average %
4imprint US	**5**	**2**	**91.05**	**16.17**
4imprint UK	**0**	**0**	**0**	**0**

As at 5 April 2020

	No. of men	No. of women	Mean average %	Median average %
4imprint US	312	851	76.29	0.00
4imprint UK	15	32	83.98	0.00

No bonuses were paid in the year to 5 April 2021. The bonuses shown above relate to the vesting of share awards in March 2021 which were awarded in April 2018 to the two Executive Directors and five members of the Senior Management Team. The effect of this is to render the data anomalous.



This is the proportion of men and women in each pay quartile. Each quartile represents 266 employees of 4imprint US and 12 employees of 4imprint UK.

Statement of voting at general meetings

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	2021	22,471,759	95.98	941,989	4.02	1,980
Approval of Remuneration Policy	2021	21,870,335	94.94	1,164,452	5.06	380,941

Implementation of Policy in 2022

At its meeting in January 2022 the Committee agreed to the Executive Directors' request that they receive no base annual salary increase with effect from 1 January 2022. This decision will be reviewed by the Committee later in 2022. In addition, the Committee approved the reintroduction of the Deferred Bonus Plan for 2022.

Operation of the DBP

The Executive Directors participate in a single variable incentive plan, the DBP (formerly the 2015 Incentive 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 deferral period for shares awarded to the Executive Directors is five years from date of award.

Bonus outcomes under the Plan are variable and depend on the achievement of stretching and robust performance targets based on the financial results of the Group's North American business. This basis of measurement is considered to be appropriate given that:

- The North American business comprises 98% of the revenue of the Group and substantially all of its operating profit; and
- It enables direct alignment of the incentive remuneration of the Executive Directors with that of the US-based management team.

Rationale for metric selection

The measures used to assess the performance of the Executive Directors were chosen specifically to align directly with the Group's strategic objectives (see pages 9 to 11). These objectives can be summarised as:

- Expansion of market share in large, fragmented and attractive markets through organic revenue growth; and
- Investment in primarily marketing-based initiatives designed to maximise growth potential up to the point at which this investment no longer produces an acceptable return.

Accordingly, the Committee agreed the following performance measures as most likely to incentivise an optimum outcome in alignment with the Group's strategic priorities:

- Revenue growth. This is the primary driver in meeting the Group's market share expansion targets and as such serves as the most heavily-weighted measure in calculating incentive remuneration outcomes.
- Operating profit. The inclusion of this measure ensures that the marketing investment to build a strong and growing customer file is accompanied by an appropriate financial return.

The bonus outturn under each performance measure is contingent on the performance of the other given the key role that both measures play in ensuring an appropriate balance is achieved in motivating attainment of 4imprint's strategic priorities. Given that the bonus measures and targets are inter-related, potential bonus outcomes are expressed in a matrix format with different bonus outcomes dependent on the revenue growth percentage and operating profit achieved in the year.

Specific performance targets for 2022 have been set by the Committee with reference to the 2022 budget approved by the Board. As at January 2022, the Committee was confident that the targets set were appropriately stretching.

CHARLES BRADY
CHAIR OF THE REMUNERATION COMMITTEE
15 March 2022

DIRECTORS' REPORT

The Directors present their report and the audited consolidated and Company financial statements for the period ended 1 January 2022. The Company's Statement on Corporate Governance is included in the Corporate Governance section on pages 52 to 56 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 15.00c (10.83p) per ordinary share was paid on 21 September 2021 and the Directors recommend a final dividend of 30.00c (22.99p) per share. The proposed final dividend, if approved, will be paid on 31 May 2022 in respect of shares registered at close of business on 29 April 2022.

The total distribution paid and recommended for 2021 on the ordinary shares is $12.5m (2020: $nil) or 45.00c per share (2020: nil).

Cross-reference to Strategic Report

The Strategic Report is set out on pages 6 to 47 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, TCFD reporting, 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 January 2022. 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 36.

In addition, the Sustainability 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, employee welfare and diversity, equity and inclusion. 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 page pages 50 and 51. The Directors served throughout the period ended 1 January 2022 and up to the date of signing of these financial statements, with the exception of John Gibney who was appointed on 8 March 2021, Lindsay Beardsell who was appointed on 1 September 2021 and Jaz Rabadia who was appointed on 1 September 2021. In addition, John Warren was a Non-Executive Director from the start of the period until his retirement on 18 May 2021.

The interests of the Directors in the shares of the Company are shown on page 73.

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 1 January 2022 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 20.

The Company has a single class of share capital which is divided into ordinary shares of 38⁶⁄₁₃p 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 1 January 2022 the Company had been notified of the following interests in the issued ordinary share capital of the Company:

	Number of shares	%
BlackRock, Inc.	2,408,538	8.57
Montanaro Asset Management Limited	1,979,711	7.05
Baillie Gifford & Co	1,949,985	6.94
abrdn plc	1,580,804	5.63
Mawer Investment Management	1,410,192	5.02
Majedie Asset Management Limited	1,398,525	4.98
FIL Limited	1,160,653	4.13
Invesco Perpetual Asset Management	847,147	3.02

The Company has received notifications of changes in holdings since 1 January 2022 from BlackRock, Inc that it now holds 3,310,846 shares (11.78%), abrdn plc that its holding had fallen below 5% and Baillie Gifford & Co that it now holds 2,828,328 shares (10.07%).

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 ESG.

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, Paul Moody, Lindsay Beardsell, Charles Brady, John Gibney, Jaz Rabadia 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 pages 66 and 67.

Purchase of own shares

Following approval at the 2021 AGM of Resolution 15, the Company is authorised, generally and without conditions, to make market purchases, as defined in the Companies Acts, of its ordinary shares of 38⁶⁄₁₃p subject to the provisions set out in such Resolution. This authority applies from 18 May 2021 until the earlier of the end of the 2022 AGM or 17 August 2022 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 22,500 (2020: 42,000) ordinary shares.

Waiver of dividends

The dividend income in respect of the 22,488 shares (2020: 16,578 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 35.

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, together with TCFD reporting disclosures, is set out in the Sustainability section on pages 20 to 29.

Greenhouse gas emissions report

Details regarding the Group's carbon emissions, energy consumption and energy efficiency are included in the Strategic Report on pages 28 and 29.

Methodology

All of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) 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 2021 for UK entities and EPA conversion factors for US entities.

Political donations

No political donations were made in the period ending 1 January 2022 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 auditor

On the recommendation of the Audit Committee, a resolution to reappoint Ernst & Young LLP ("EY") as independent external auditor will be proposed at the 2022 AGM, together with a resolution granting the Directors the authority to determine EY's remuneration.

Directors' statement as to disclosure of information to independent auditor

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 auditor is unaware.
- Each of the Directors has taken all of the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

Approved by the Board and signed on its behalf by

EMMA TAYLOR
COMPANY SECRETARY
15 March 2022

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 United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IFRSs"). 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 the Company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance.
- In respect of the Group's and Company's financial statements, state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Group and Company will not continue in business.

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 comply with the Companies Act 2006. They 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Each of the Directors, whose names and functions are listed in the Board of Directors on pages 50 and 51, confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Company and undertakings included in the consolidation taken as a whole.
- That the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- That they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position, performance, business model and strategy.

Approved on the 15 March 2022 by

KEVIN LYONS-TARR
CHIEF EXECUTIVE OFFICER

DAVID SEEKINGS
CHIEF FINANCIAL OFFICER

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 1 January 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of 4imprint Group plc (the "parent company") and its subsidiaries (the "Group") for the year ended 1 January 2022 which comprise:

Group	**Parent company**
Consolidated balance sheet as at 1 January 2022	Balance sheet as at 1 January 2022
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes A to O to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 27 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and parent 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.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Board's Going Concern assessment process and also engaged with management early to ensure key factors were considered in their assessment. Management have incorporated their Going Concern period (to the period ending 1 July 2023) into their wider assessment of viability which covers the period to 28 December 2024. In these assessments management consider the key factor that would prejudice the going concern basis of preparation of the Group to be a severe downturn in demand, which negatively impacts new customer acquisition and existing customer retention;
- We obtained the Board's Going Concern assessment, including cash flow forecasts which cover the period to 1 July 2023. The Board prepared a 'base case' and a 'downside case' cash flow forecast model. The downside case forecast incorporates the effects of a downside scenario based on severe, but plausible, demand assumptions;
- We tested the key assumptions included in each of the cash flow forecast models. We tested the assumption regarding the impact of COVID-19 uncertainty and significant additional declines in revenue included in each forecasted scenario. We considered the appropriateness of the methods used to calculate the cash forecasts and determined, through inspection and testing of the methodology and calculations, that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity. We also confirmed the mathematical integrity of management's scenarios. We evaluated the historical accuracy of management's forecasting and considered this against external analyst expectations. We have concluded that management's estimates have historically been appropriate and conservative, and this is supported by post year end results to date. We have assessed the Board's considerations related to material climate change impacts in the going concern period

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4IMPRINT GROUP PLC CONTINUED

including the achievement of the Group's carbon neutral status, commitment to build a solar panel array at the US distribution centre and sustainable product initiatives;

- We have checked the amount and maturity of the $20m line of credit and £1m UK overdraft facility, which expire on 31 May 2023 and 31 December 2022, respectively, to facility agreements. Covenant requirements for the $20m line of credit have also been validated to the facility agreement. There are no covenants on the £1m UK overdraft;
- We obtained the Board's forecast covenant calculations which cover the period until expiry (31 May 2023) with respect to the committed but undrawn $20m line of credit facility. We validated inputs into the covenant forecast calculations back to management's base case and confirmed the Group has significant headroom. Both the base case and the downside case cash flow forecasts assume no utilisation of the $20m line of credit or £1m UK overdraft facility;
- We performed reverse stress testing in order to identify what reduction in demand would be required before liquidity is exhausted. The $20m line of credit and £1m UK overdraft facility have been excluded from our own reverse stress test model;
- We considered the mitigating factors that are within the control of the Group. This includes the Company's ability to reduce marketing costs and headcount that are not reflected in either the base case or downside case forecast but would, if required, be fully under the Group's control;
- We evaluated management's consideration of the conflict in Ukraine arising after the year end, noting the Group has no operations in Russia, Ukraine or Belarus. The possible impact to the Group would likely manifest itself in inflationary pressure. The Group has demonstrated its ability to manage through historic recessions and the more recent COVID-19 pandemic. We assessed sensitivities in respect of increased costs and potential reduction in demand; and
- We read the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

We have observed that both the North America and UK & Eire operating segments experienced disruption from the impact of the COVID-19 pandemic which has resulted in a significant reduction in revenue in the current and prior year when compared to pre-pandemic trading levels. However, we noted the improving performance of the business since the second quarter of 2021, the net cash of $41.6m (2020: $39.8m) at the balance sheet date and trading results in the first few weeks of 2022.

Management's base case and downside case forecasts demonstrate that the Group retains sufficient liquidity in the Going Concern period to 1 July 2023.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 1 July 2023.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of two full scope components 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.
Key audit matters	– Management override of internal controls through manual journals to revenue; – Management override of internal controls through manual journals to supplier rebate income; and – Management override of internal controls related to the expected credit loss provision on unbilled accrued revenue.
Materiality	– Overall Group materiality of $1.5m which represents 5% of the average profit before tax of $29m using the results of the prior two financial periods and the current period.

An overview of the scope of the parent company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company 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 company.

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 (2020: 7) reporting components of the Group, we selected 7 (2020: 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 (2020: 7) components selected, we performed an audit of the complete financial information of 2 (2020: 2) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 5 (2020: 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% (2020: 100%) of the Group's profit before tax, 100% (2020: 100%) of the Group's revenue and 100% (2020: 100%) of the Group's total assets.

For the current year, the 2 (2020: 2) full scope components contributed 104% (2020: 139%) of the Group's Profit before tax, 98% (2020: 98%) of the Group's Revenue and 98% (2020: 97%) of the Group's Total assets.

The 5 (2020: 5) specific scope components contributed (4)% (2020: (39)%) of the Group's profit before tax, 2% (2020: 2%) of the Group's revenue and 2% (2020: 3%) 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 except for our inventory existence procedures. These procedures were undertaken by another EY global network firm operating under the Group audit teams instruction and were attended in person.

The Group audit team adapted their approach to interact with management in response to the COVID-19 pandemic. Due to COVID-19 travel restrictions imposed by governments, we did not complete our planned visits to the Group's locations in the United States. We were able to visit the Group's UK operation as part of our interim testing.

The year end audit was also required to be conducted remotely. This was supported through remote access to the Group's financial systems and the use of EY software collaboration platforms for the secure and timely delivery of requested audit evidence.

In lieu of these visits, we have maintained regular dialogue and meetings with management via videoconference calls. We attended all meetings with local management to conclude the audit procedures at each location by videoconference with the exception of the inventory existence procedures which were attended in person as noted above. The Group audit engagement partner participated in the closing meetings for all components.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact 4imprint Group plc. The Group has determined that the most significant future impacts from climate change on its operations will be from extreme weather-related events and potential reputation and brand damage from failure to take deliberate and tangible action to reduce its GHG emissions. These are explained on pages 25 to 29 in the required Task Force for Climate related Financial Disclosures and on pages 36 to 43 in the principal risks and uncertainties, which form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in the viability statement, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards.

Our audit effort in considering climate change was focused on ensuring the Group's achievement of ***CarbonNeutral***® status in October 2021 as disclosed on page 25 has been appropriately reported. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4IMPRINT GROUP PLC CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, and consequently operating profit, through inappropriate manual journal entries.

Investors typically focus on the Group's revenue performance and operating profit which were significantly impacted by the effects of the COVID-19 pandemic in 2020. This remains applicable in 2021 with investor focus taking particular interest in the pace and scale of recovery following the height of the pandemic.

Whilst it was not considered appropriate to set annual bonus performed targets for 2021 based on revenue growth and operating profit targets given the uncertainty, there remains an incentive for management to manipulate revenue recognition.

We concluded there was a risk that management may override controls to intentionally:

a) overstate revenue, and therefore operating profit, in order to report an improved recovery to the market; or

b) understate revenue, and therefore operating profit, in order to provide a contribution towards meeting targets for management rewards and incentive schemes in the next financial period.

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

Revenue for the year was $787m (2020: $560m) and operating profit was $31m (2020: $4m).

Refer to the Accounting policies (page 99); and note 1 of the consolidated financial statements (page 103).

Our response to the risk

We identified, documented and confirmed our understanding of the Group's revenue recognition policies and performed a walkthrough to assess the design and operating effectiveness 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 and reconciled 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 manual 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 as there is greater opportunity to record fictitious entries than with automated journals and therefore outside the normal course of business. We also introduced unpredictability into our manual journal testing. We corroborated such journals to source documentation to confirm that the entries supported the revenue recognised and that the entries were valid.

We performed audit procedures over this risk area on 4imprint Inc. and 4imprint Direct Limited which covered 100% (2020: 100%) of revenue for the year.

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 – Management override of internal controls through manual journals to supplier rebate income
Description of risk
The Group receives significant rebate income 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 and product mix 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 purchase thresholds within supplier agreements. There is a risk that management may override controls to intentionally misstate supplier rebate income, and consequently operating profit, through inappropriate manual journal entries. The incentives for doing so are consistent with those noted in our "Management override of internal controls through manual journals to revenue" matter noted above. Our assessment considers the risk that management may override controls to intentionally: a) overstate supplier rebate income 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; or b) understate supplier rebate income when compared to the eligible amounts set out in the rebate agreements and/or recognition is incorrectly deferred to the following period when the achievement of the right to earn the income has been met. Rebate contracts include variable rebate rates which are dependent on product categories and volumes purchased. There are no significant judgements involved in the recognition of supplier rebate revenue or the supplier rebate receivable. There is, however, an element of judgement included in assessing the recoverability of the rebate income receivable at the balance sheet date. For the current year the Group has recognised \$18m (2020: \$14m) of rebate income including a rebate receivable balance of \$13m (2020: \$9m) at the balance sheet date. Refer to the Accounting policies (page 99); and note 13 of the consolidated financial statements (pages 111 and 112).

Our response to the risk
We identified, documented and confirmed our understanding of the Group's supplier rebate recognition policies and performed a walkthrough to assess the design and operating effectiveness of key controls over the revenue process. 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 tested journal entries to rebate income accounts by applying parameters designed to identify entries that were not in accordance with our expectations. This included analysing and selecting journals for testing and corroborating to source documentation to confirm that the entries supported the recognition of rebate income and that the entries were appropriate. We performed audit procedures over this risk area on 4imprint Inc. which covered 92% (2020: 85%) of supplier rebate income and 90% (2020: 84%) of the rebate income receivable balance at the reporting date.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4IMPRINT GROUP PLC CONTINUED

Risk – Management override of internal controls to the expected credit loss provision on unbilled accrued revenue

Description of risk

Disruption to the Group's supply chain in the second half of 2021 caused by the pandemic has resulted in an increase in unbilled accrued revenue on orders in process at the year-end.

It is common for a customer order to include several different products, i.e., several 'order lines' in an overall customer order. Each order line is a separate performance obligation and revenue is recognised when control of the related goods has transferred to the customer.

However, a sales invoice is only raised once goods from all order lines have transferred to the customer. The supply chain issues experienced in the second half of 2021 have resulted in an increase in unbilled accrued revenue on order lines which have been delivered to customers but where other products on the overall customer order have not yet been delivered.

There is a risk that management may override controls to intentionally misstate expected credit loss ("ECL") provisions on unbilled accrued revenues and consequently operating profit. The incentives for doing so are consistent with those noted in our "Management override of internal controls through manual journals to revenue" matter noted above.

Our assessment considers the risk that management may override controls to intentionally:

a) Understate the ECL provision, and therefore overstate operating profit, in order to report an improved recovery to the market; or

b) Overstate the ECL provision, and therefore understate operating profit, in order to meet targets for management rewards and incentive schemes in the next financial period.

This estimation is inherently more difficult in the current year because of the uncertainty in the timing of when customer orders will be fulfilled in full and the appropriateness of default rates of customers in light of the delayed time from delivery to invoice, the customer's method of payment and the COVID-19 pandemic environment.

Gross unbilled accrued revenue at the year-end was $28m (2020: $8m) and related expected credit loss provisions were $0.5m (2020: $0.1m).

Refer to the Accounting policies (page 101); and note 13 of the consolidated financial statements (pages 111 and 112).

Our response to the risk

We identified, documented and confirmed our understanding of the Group's ECL provision policy and performed a walkthrough to assess the design and operating effectiveness of key controls over the process.

We tested the accuracy of input data and the clerical accuracy of the ECL provision workings. We verified that the provision was calculated in accordance with management's policy and that appropriate journal entries were processed to record the provision in the financial statements.

We assessed the significant assumptions used by management in the ECL provision on unbilled accrued revenues. The most significant of these being the probability of default of customers based on historic default rates for the previous 36 months.

We challenged default rates used by management through the recalculation of our own ECL provision. The difference between our own calculation and management's provision was not material. We validated inputs used in our recalculation as follows:

a) We validated the ageing of the unbilled accrued revenue balance by testing the average lag time between original order date and delivery date to external logistic company delivery reports and applied this to age the unbilled accrued revenue balance.

b) We segmented the customer population by credit default risk factors. We considered there to be two populations depending on whether a customer pays by credit card or not. We tested the accuracy of historic default rates for both populations to analysis of historic write offs over the last 36 months.

c) We performed integrity testing over these data sets to ensure they were reliable and complete, agreeing back to source documentation such as invoices and journal write offs.

d) The risk of default over an element of the unbilled accrued revenue population is mitigated where payments are received up-front from customers at the time an order is processed.

We have validated the accuracy of this input into our calculation by agreeing a sample of transactions back to order and cash receipt. We have ensured cash received up-front has been appropriately allocated against the ageing of the unbilled accrued revenue balance.

We assessed the adequacy of the disclosures in the financial statements for the provision for ECL's on unbilled accrued revenue.

We performed audit procedures over this risk area on 4imprint Inc. and 4imprint Direct Limited which covered 100% (2020: 100%) of unbilled accrued revenue at the year end.

Key observations communicated to the Audit Committee

We did not identify evidence of management override through inappropriate ECL provisions on unbilled accrued revenue at the year end.

In the prior year, our auditor's report included a key audit matter in relation to the valuation of pension assets. In 2020 the Group made a special contribution of $9.1m (£7.5m) to the pension scheme resulting in a material reduction in the net pension deficit. Also, in 2020 the investment strategy for pension assets changed, resulting in a change in the mix of underlying pension asset investments. Some of the asset investments were made into managed funds which were harder to value than an investment in a single security.

In 2021 there has been no special contribution or significant change in the nature or mix of the Group's pension asset portfolio therefore reducing the level of audit risk and effort.

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.

Setting materiality when the Group has been impacted by the COVID-19 pandemic requires greater auditor judgement. We consider the users of the financial statements are primarily focused on the speed at which underlying operations, revenues and profitability of the business return to normal or a new normalised level.

The Group remains in a period of recovery following the impact of the pandemic which has distorted results in the current year. For the current period we have sought to derive a basis for estimating normalised profit before tax. We have calculated a mean average based on the actual result of the prior two financial periods and the current period. Hence, we determined materiality for the Group to be $1.5 million (2020: $1.7 million), which is 5% (2020: 5%) of the average profit before tax for the three periods of $29m (2020: average underlying profit before tax for the equivalent three periods of $34m).

In previous Annual Reports and Accounts, we set materiality using underlying profit before tax which excluded defined benefit pension administration charges and past service costs. The adjustment for defined benefit pension administration charges and past service costs was not material and as disclosed in the Financial Review of the Strategic Report (page 31), these charges are now included in the definition of underlying profit before tax. There is no difference between IFRS reported profit before tax (from here on "profit before tax") and underlying profit before tax in the current year.

Our current year materiality has been calculated using profit before tax. If we had calculated our prior year materiality in a consistent manner, using profit before tax, this would have remained consistent at $1.7m.

We determined materiality for the parent company to be £2.42 million (2020: £2.39 million), which is 1% (2020: 1%) of equity. Equity is the most appropriate measure given the parent company is an investment holding company with no revenue.

There was no change in our final materiality from our original assessment at planning for the Group or Company.

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 75% (2020: 75%) of our planning materiality, namely $1.10m (2020: $1.28m). We have set performance materiality at this percentage based on our assessment of the appropriateness of the Group's internal controls, the nature of historic audit misstatements and the residual risk of undetected misstatements in the financial statements.

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 $0.28m to $0.83m (2020: $0.26m to $0.96m).

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 $0.07m (2020: $0.08m), 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4IMPRINT GROUP PLC CONTINUED

Other information

The other information comprises the information included in the annual report set out on pages 1 to 80, including the Strategic Report, set out on pages 6 to 47, Governance, set out on pages 48 to 80, and Additional information set out on pages 134 to 136, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 statement 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.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 35;
- Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 34 and 35;
- Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 35;

- Directors' statement on fair, balanced and understandable set out on page 80;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 36;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 36 and 63; and;
- The section describing the work of the audit committee set out on pages 60 to 63.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 80, 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- 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, Companies Act 2006, the UK Corporate Governance Code, the Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which the Group operates, notably in the US and the UK. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee, environmental, bribery and corruption practices and various US state laws;
- We understood how 4imprint Group plc is complying with those frameworks by making enquiries of Board members and management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee and attendance at meetings of the Audit Committee and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We also considered investor focus and management remuneration in the current year and next year which may create an incentive for management to manipulate profit. We considered the possibility of fraud through management override and, in response, we incorporated data analytics across manual journal entries into our audit approach. Where unusual results or anomalies were identified through our data analytics, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information and were designed to provide reasonable assurance that the financial statements were free from material fraud or error. For more details, please refer to our Key Audit Matters section above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing details of journal entries which met our defined risk criteria based on our understanding of the business, enquiries of legal counsel, Group management and full and specific scope management and review of the volume and nature of complaints by the whistleblowing hotline during the year;
- We did not identify any instances of non-compliance with laws and regulations that, in our opinion, could have an impact on the financial statements that would be more than inconsequential.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4IMPRINT GROUP PLC CONTINUED

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the company on 18 May 2021 to audit the financial statements for the year ending 1 January 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is three years, covering the 52 week period ended 28 December 2019, the 53 week period ended 2 January 2021 and the 52 week period ended 1 January 2022.
- 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
15 March 2022

GROUP INCOME STATEMENT

for the 52 weeks ended 1 January 2022

	Note	2021 52 weeks $'000	2020 53 weeks $'000
Revenue	1	**787,322**	560,040
Operating expenses	2	**(756,676)**	(556,068)
Operating profit	1	**30,646**	3,972
Finance income		**33**	168
Finance costs		**(435)**	(193)
Pension finance charge		**(15)**	(104)
Net finance cost	4	**(417)**	(129)
Profit before tax		**30,229**	3,843
Taxation	5	**(7,643)**	(753)
Profit for the period		**22,586**	3,090
		Cents	Cents
Earnings per share			
Basic	6	**80.46**	11.03
Diluted	6	**80.26**	11.00

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 1 January 2022

	Note	2021 52 weeks $'000	2020 53 weeks $'000
Profit for the period		**22,586**	3,090
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences	23	**(97)**	863
Items that will not be reclassified subsequently to the income statement:			
Return on pension scheme assets (excluding interest income)	17	**(1,391)**	1,261
Re-measurement gains/(losses) on post-employment obligations	17	**2,506**	(5,550)
Tax relating to components of other comprehensive income	11	**(1,411)**	1,241
Total other comprehensive expense net of tax		**(393)**	(2,185)
Total comprehensive income for the period		**22,193**	905

GROUP BALANCE SHEET

at 1 January 2022

	Note	**2021 $'000**	2020 $'000
Non-current assets			
Property, plant and equipment	8	**24,667**	24,832
Intangible assets	9	**1,045**	1,100
Right-of-use assets	10	**11,725**	13,065
Deferred tax assets	11	**600**	4,272
Retirement benefit asset	17	**1,974**	–
		40,011	43,269
Current assets			
Inventories	12	**20,559**	11,271
Trade and other receivables	13	**63,589**	36,799
Current tax debtor		**2,034**	1,976
Cash and cash equivalents	14	**41,589**	39,766
		127,771	89,812
Current liabilities			
Lease liabilities	15	**(1,150)**	(1,117)
Trade and other payables	16	**(71,877)**	(49,569)
Current tax creditor		**–**	(432)
		(73,027)	(51,118)
Net current assets		**54,744**	38,694
Non-current liabilities			
Lease liabilities	15	**(10,939)**	(12,089)
Retirement benefit obligation	17	**–**	(3,310)
Deferred tax liabilities	18	**(850)**	(1,193)
		(11,789)	(16,592)
Net assets		**82,966**	65,371
Shareholders' equity			
Share capital	21	**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves	23	**6,020**	6,117
Retained earnings		**(10,347)**	(28,039)
Total Shareholders' equity		**82,966**	65,371

The financial statements on pages 91 to 122 were approved by the Board of Directors on 15 March 2022 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 1 January 2022

	Share capital $'000	Share premium reserve $'000	Other reserves (note 23) $'000	Retained earnings: Own shares $'000	Retained earnings: Profit and loss $'000	Total equity $'000
Balance at 29 December 2019	18,842	68,451	5,254	(3,029)	(26,570)	62,948
Profit for the period					3,090	3,090
Other comprehensive income/(expense)						
Currency translation differences			863			863
Re-measurement losses on post-employment obligations					(4,289)	(4,289)
Deferred tax relating to components of other comprehensive income (note 11)					1,241	1,241
Total comprehensive income			863		42	905
Proceeds from options exercised					2,170	2,170
Own shares utilised				3,677	(3,677)	–
Own shares purchased				(1,229)		(1,229)
Share-based payment charge					625	625
Deferred tax relating to share options (note 18)					(83)	(83)
Deferred tax relating to losses attributable to share options (note 11)					35	35
Balance at 2 January 2021	18,842	68,451	6,117	(581)	(27,458)	65,371
Profit for the period					**22,586**	**22,586**
Other comprehensive income/(expense)						
Currency translation differences			**(97)**			**(97)**
Re-measurement gains on post-employment obligations					**1,115**	**1,115**
Deferred tax relating to components of other comprehensive income (note 11)					**(1,411)**	**(1,411)**
Total comprehensive income			**(97)**		**22,290**	**22,193**
Own shares utilised				**573**	**(573)**	**–**
Own shares purchased				**(843)**		**(843)**
Share-based payment charge					**602**	**602**
Deferred tax relating to share options (note 18)					**5**	**5**
Deferred tax relating to losses attributable to share options (note 11)					**(228)**	**(228)**
Dividends					**(4,134)**	**(4,134)**
Balance at 1 January 2022	**18,842**	**68,451**	**6,020**	**(851)**	**(9,496)**	**82,966**

GROUP CASH FLOW STATEMENT

for the 52 weeks ended 1 January 2022

	Note	2021 52 weeks $'000	2020 53 weeks $'000
Cash flows from operating activities			
Cash generated from operations	24	**18,257**	3,184
Tax paid		**(6,414)**	(507)
Finance income received		**33**	168
Finance costs paid		**(65)**	(49)
Lease interest	15	**(377)**	(132)
Net cash generated from operating activities		**11,434**	2,664
Cash flows from investing activities			
Purchases of property, plant and equipment		**(3,083)**	(3,427)
Purchases of intangible assets		**(382)**	(390)
Proceeds from sale of property, plant and equipment		**–**	93
Net cash used in investing activities		**(3,465)**	(3,724)
Cash flows from financing activities			
Capital element of lease payments	15	**(1,117)**	(1,418)
Proceeds from share options exercised		**–**	2,170
Purchases of own shares		**(843)**	(1,229)
Dividends paid to Shareholders	7	**(4,134)**	–
Net cash used in financing activities		**(6,094)**	(477)
Net movement in cash and cash equivalents		**1,875**	(1,537)
Cash and cash equivalents at beginning of the period		**39,766**	41,136
Exchange (losses)/gains on cash and cash equivalents		**(52)**	167
Cash and cash equivalents at end of the period	14	**41,589**	39,766

NOTES TO THE 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.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with UK-adopted International Accounting Standards. 2020 was a 53 week period which started on 29 December 2019. Please refer to the Financial Review on page 31 for a discussion of the impact on the Group's key metrics of a 52 week period versus a 53 week comparative period.

New accounting standards applicable for the first time in this reporting period have no impact on the Group's results or balance sheet.

Environmental risks

In preparing the financial statements, management has considered the impact of environmental risks. Whilst the impact of environmental risks are still developing and therefore all possible future outcomes are uncertain, risks known to the Group have been considered in judgments, estimates and assumptions and in assessing viability and going concern. These considerations did not have a material impact on the financial statements.

Going concern

In making their assessment of going concern from the date of approval of these financial statements until 1 July 2023, the Directors have carefully considered the Group's prospects:

- 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 & Uncertainties section on pages 36 to 43 of the 2021 Annual Report.
- Information contained in the 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.

Whilst the lingering effect of the COVID-19 pandemic continues to present challenges, including on the supply chain and inflationary pressures, the Board considers that the Group's strategy, competitive position, and business model remain entirely relevant and, indeed, have proved to be resilient and flexible under stress.

Business operations have adapted successfully to the challenging and rapidly changing external conditions in a timely manner. The marketing portfolio was reconfigured during 2020 and 2021, providing flexibility over expenditure and the agility to invest in opportunities for growth in recovering markets. Discretionary overhead and capital spend continues to be tightly controlled, demonstrating the essentially minimal fixed cost base of the direct marketing model.

These actions, coupled with the strong financial position of the Group that has been maintained throughout this global pandemic, give the Board confidence that despite residual uncertainty as to future market conditions, the Group will be in a good position both to withstand further economic stress and to take market share opportunities as demand continues to recover.

As a primary strategic objective of the Group and as noted above in the assessment of prospects, environment-related risks and opportunities are specifically considered by the Board in their assessment of viability and going concern.

The Group has established an appropriate governance structure, in the form of the Group Environmental Committee and Business Risk Management Committee, to identify new and emerging risks related to climate change and the environment.

As detailed more fully in the Principal Risks & Uncertainties section, environmental risks have the potential to impact the Group's ability to achieve its strategic objectives through damage to our reputation, our operational facilities and those of our supplier partners, and the failure to respond to trends and shifts in consumer product preferences.

As detailed more fully in the Sustainability section, the Group has proactively responded to these risks with several initiatives. These include the achievement of *CarbonNeutral*® company status in October 2021, committed plans to build a solar panel array at our distribution centre in Oshkosh, plans to review ESG-linked executive remuneration with the inclusion of climate-related metrics, and the launch of our *better choices*™ programme to make it easier for our customers to find products with the characteristics that are most important to them. The flexible nature of our 'drop-ship' model and close relationships maintained with key and alternative suppliers allows for relatively rapid adjustment to episodes of extreme weather.

Whilst governmental and societal responses to climate change risks are still developing, and therefore all possible future outcomes are not known, the Group has embedded environmental matters into our strategic objectives and sees climate change and other aspects of environmental stewardship as a fundamental part of our commitment to build a commercially and environmentally sustainable business that delivers value to all stakeholders.

The cash flow impact of our environmental initiatives are incorporated into the financial forecasts used to assess viability and going concern.

The Board considers that the key factor that would prejudice the ongoing viability and liquidity of the Group would be a severe downturn in demand, which negatively impacts new customer acquisition and existing customer retention.

The 'base case' three-year plan, developed for the purposes of the Group's strategic planning process, provides the basis for the financial modelling used to assess viability. The commercial underpin to this 'base case' is the Board's view that whilst the promotional products market contracted in 2020, for example due to the cancellation of trade shows and physical events, our recent experience is that market demand is resilient across the product range and customer base, as evidenced in the rapid recovery in demand during 2021. The 'base case' started with the total order count at 90% of pre-pandemic 2019 levels, as achieved in 2021, with consistent and sustained top-line growth throughout the three-year period. Marketing costs were modelled to increase in line with revenue with the Group's revenue per marketing dollar KPI remaining stable at historic levels. This 'base case' shows improving financial results, an accumulating cash balance and no liquidity concerns.

Severe, but plausible, downside demand assumptions were then determined and used to adjust the 'base case' forecast to model the effects on the Group's liquidity. This 'downside' scenario assumes a significant deterioration in demand patterns during 2022, similar to those experienced in 2020 when the pandemic started, with order volumes for the full year dropping back to around 70% of 2019 levels, before gradually recovering back to 2019 order levels by 2024. Marketing and direct costs were flexed in line with revenue, but other payroll and overhead costs remained at 2021 levels with some allowance for inflationary increases. This 'downside' scenario was intended to simulate a severe shock to demand, similar to the experience from COVID-19, that results in sustained diminished corporate demand in a downsized promotional products market.

Even under the severe stress built into the 'downside' model, the Group retains sufficient liquidity throughout the assessment period. This liquidity is in the form of cash balances. In addition, there are further mitigating actions that the Group could take, including further cutting marketing costs and reducing headcount, that are not reflected in the distressed forecast but would, if required, be fully under the Group's control.

Given the scalability of the Group's business model, as demonstrated over the past few years, the absence of external financing, and low fixed or working capital requirements, a reverse stress testing scenario has not been undertaken. The Group has proven during 2020 its ability to flex its marketing and other costs to mitigate the impact of falls in revenue driven by COVID-19 and retains flexibility to further reduce other costs should the need arise.

Though the Group maintains a $20m line of credit with its US bankers, that expires on 31 May 2023, and a small overdraft facility with its UK bankers, that expires on 31 December 2022, the modelling in both the 'base case' and 'downside' scenarios shows the maintenance of positive cash balances throughout the assessment period and, as such, there is no current requirement to utilise the facilities or intention to secure any additional facilities.

The assumptions used in the 'base case' and 'downside' scenarios and resulting financial forecasts have been reviewed and approved by the Board. The conclusion of this review is that the Group has significant flexibility in its variable costs, a very low fixed cost base, and enters the 2022 financial year with a strong net cash position of $41.6m, enabling it to remain cash positive even under severe economic stress.

Based on the assessment outlined above, the Directors have reasonable expectations that the Group and Company will have adequate resources to continue to operate from the date these financial statements were approved until at least 1 July 2023. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's 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.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Judgments, estimates and assumptions

Impact of COVID-19 on estimates

The impact of COVID-19 and subsequent disruptions to the supply chain on the consolidated financial statements has been considered in determining the estimates required for credits and impairment provisions in relation to trade and other receivables, inventory provisioning, impairment of property, plant and equipment, and intangibles, and the recoverability of deferred tax assets.

Whilst the uncertainty surrounding the ultimate impact of the COVID-19 pandemic has resulted in significant estimation in respect to the future cash flows of subsidiary companies and in determining appropriate discount rates, growth rates, and probability of default rates necessary for undertaking impairment reviews and assessing the recoverability of assets (please refer to note 8 for further information on the impairment review process) and levels of provisions required, these are not considered to represent critical accounting judgments or key sources of estimation uncertainty in the preparation of the financial statements.

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:

Critical accounting judgments

Revenue

For most of its product line, the Group operates a 'drop-ship' business model whereby suppliers hold blank inventory, imprint the product and ship directly to customers. In order to determine the amount of revenue to recognise, it is necessary for the Group to make a judgment to assess if it is acting as principal or an agent in fulfilling the performance obligations and promises to customers for these transactions.

The Group has full discretion to accept orders, agrees artwork with the customer, sets the transaction price, selects the suppliers used to fulfil orders, and considers its customer satisfaction promises ('on-time or free', price and quality guarantees) to be integral to meeting its performance obligations.

Accordingly, the Group is of the opinion that it acts as principal in providing goods to customers and recognises the gross amount of consideration as revenue.

Leases

The Group signed an extension to its Oshkosh office lease commencing on 1 October 2020 for a five-year period with an option to renew for a further five years from 2025 to 2030. In accordance with the requirements of IFRS 16, the Group has made a judgment on the likelihood of exercising the new option to extend in determining the lease term. See note 15 for further information.

Retirement benefit asset

At the balance sheet date, the fair value of the defined benefit assets exceeded the present value of the defined benefit obligations of the 4imprint 2016 Pension Plan. Although the Group anticipates that the surplus will be utilised during the life of the plan to address members' liabilities, the Group recognises the surplus in full on the basis that it is managements' judgment that there are no restrictions on the return of residual plan assets in the event of a winding up of the plan after all member obligations have been met.

Key sources of estimation uncertainty

Pensions

As detailed in note 17, the Group sponsors a defined benefit pension scheme closed to new members and future accruals. Period-end recognition of the liabilities under this scheme requires 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 amounts recorded in other comprehensive income and on the pension liabilities in the balance sheet. Sensitivities to changes in these assumptions are disclosed in note 17. In addition, the assets held by the scheme include funds that may contain gilt repos and reverse gilt repos, the valuations of which are complex.

Other accounting policies

Revenue

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

The Group primarily 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 Group also acts as principal for apparel goods that are decorated within the Group's facilities and shipped directly to the customer. The Group recognises the gross amount of consideration as revenue in both instances.

It is common for a customer order to include several different product lines. Individual order lines are separately priced, have separately agreed delivery dates, and are capable of being used or enjoyed by the customer on their own, separately from any other order lines included in the overall customer order. The Group therefore considers each order line to constitute a separate performance obligation. Revenue is recognised at a point in time upon delivery and acceptance by the customer as this is when control of the goods has transferred.

The price for each order line is fixed at the time of order, inclusive of any discounts given for that order line. Revenue is shown net of discounts, credits, refunds, VAT and sales tax. The value of provisions for credits and refunds is determined using the expected value methodology based upon historical experience of credits/refunds issued and levels of revenue.

Payment terms vary by customer but are generally either payment with order or within 30 days of 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 based on 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 re-measured 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 re-measurement 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, with a duration of 12 months or less, which 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Other accounting policies continued

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. Tax attributable to the defined benefit pension scheme is recognised in the income statement except to the extent it relates to actuarial movements recognised in other comprehensive income.

The current income tax charge is calculated based on 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.

Transactions and calculations for which the ultimate tax determination is uncertain may arise during the ordinary course of business. Should an uncertain tax position arise, where a risk of an additional tax liability has been identified and it is considered probable that the Group will be required to settle that tax, a tax provision is recognised. This is assessed on a case-by-case basis.

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 substantively 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. Deferred tax movements in respect of losses recognised or derecognised in the period are allocated between the income statement, other comprehensive income and equity in proportions to the origin of those losses.

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, reflecting that most of the Group's revenues and transactions are generated in North America 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 advertising and promotional activities when, in the case of goods, the business has a right of access to the goods or, for services, when the business has received the service.

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 discount rate, 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 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 and other 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. Receivables also include credit and debit card sales which have not reached the bank at the reporting date.

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 and other short-term highly liquid investments with an original maturity in excess of three months are classified as other financial assets.

Trade payables and contract liabilities

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.

Contract liabilities reflect the Group's obligation to transfer goods to a customer and arise where a customer has paid an amount of consideration in advance of receiving the goods.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Other accounting policies continued

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 if the present value of the defined benefit obligation exceeds the fair value of plan assets at the balance sheet date. If the assets exceed the obligations then a judgment is made to determine the level of refund available from the scheme in recognising the amount of the surplus to be recognised. 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. Lump sum contributions to the defined benefit scheme to reduce the deficit are included within 'cash generated from operations', alongside the regular contributions.

Pension charges recognised in the income statement consist of administration costs of the scheme, past service costs, and a finance charge/credit based on the net pension scheme position 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

The Company is the sponsoring entity of an employee benefit trust ("EBT") and, notwithstanding the legal duties of the Trustees, the Group considers that it has 'de facto' control of the EBT. The trust is accounted for as assets and liabilities of the Company and included in the consolidated financial statements. The Company's equity instruments held by the EBT are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised as a deduction of the related expenses in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred. Grants deducted from expenses are included in 'cash generated from operations' in the consolidated cash flow statement on a consistent basis with the related expenses.

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. Standards and interpretations which have been issued but are not yet effective will be applied by the Group in the accounting period that they become effective. 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.

Amendments to IFRS 3 – Reference to the Conceptual Framework (effective 1 January 2022)
IFRS 17 'Insurance Contracts' (effective 1 January 2023)*
Amendments to IAS 1 'Presentation of Financial Statements' (effective 1 January 2023)*
Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022)
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use (1 January 2022)*
Amendments to IAS 8 – Definition of Accounting Estimates (1 January 2023)*
Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract (1 January 2022)
Amendments to IAS 12 – Deferred Tax relating to Assets and Liabilities arising from a Single Transaction (1 January 2023)*

* Not yet endorsed by the UK.

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 1 January 2022, the Group has 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	2021 $'000	2020 $'000
North America	**773,710**	549,873
UK & Ireland	**13,612**	10,167
Total Group revenue	**787,322**	560,040

Profit	2021 $'000	2020 $'000
North America	**36,006**	9,170
UK & Ireland	**(1,464)**	(1,605)
Operating profit from Direct Marketing operations	**34,542**	7,565
Head Office costs	**(3,896)**	(3,593)
Operating profit	**30,646**	3,972
Net finance cost (note 4)	**(417)**	(129)
Profit before tax	**30,229**	3,843

Other segmental information

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
North America	**120,284**	86,755	**(81,674)**	(62,216)	**3,415**	3,780	**(3,135)**	(2,919)	**(1,756)**	(1,878)
UK & Ireland	**3,017**	2,055	**(2,618)**	(1,673)	**50**	33	**(99)**	(72)	**(21)**	(23)
Head Office	**44,481**	44,271	**(524)**	(3,821)	**–**	4	**(3)**	(1)	**–**	(40)
	167,782	133,081	**(84,816)**	(67,710)	**3,465**	3,817	**(3,237)**	(2,992)	**(1,777)**	(1,941)

Head Office assets include cash and cash equivalents, deferred tax assets and retirement benefit assets. Head Office liabilities included retirement benefit obligations in 2020.

Geographical analysis of revenue and non-current assets

2021	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	**773,755**	**13,084**	**483**	**787,322**
Property, plant and equipment	**23,812**	**855**	**–**	**24,667**
Intangible assets	**996**	**49**	**–**	**1,045**
Right-of-use assets	**11,725**	**–**	**–**	**11,725**

2020	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	549,932	9,326	782	560,040
Property, plant and equipment	23,892	940	–	24,832
Intangible assets	1,052	48	–	1,100
Right-of-use assets	13,065	–	–	13,065

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Operating expenses

	Note	2021 $'000	2020 $'000
The following items have been charged/(credited) in arriving at operating profit:			
Purchase of goods for resale and consumables		**518,944**	361,488
Changes in inventories		**(9,288)**	186
Impairment loss on trade receivables	13	**1,669**	865
Staff costs	3	**66,918**	60,475
Marketing expenditure (excluding staff costs)		**120,317**	85,312
Depreciation of property, plant and equipment	8	**3,237**	2,992
Amortisation of intangible assets	9	**437**	443
Amortisation of right-of-use assets	10	**1,340**	1,498
Short-term and low value operating lease payments	15	**168**	137
Defined benefit pension scheme administration costs	17	**340**	343
Net exchange losses		**67**	58
Other operating expenses		**52,527**	42,271
		756,676	556,068

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

	2021 $'000	2020 $'000
Fees payable to the Company's auditor for the audit of the parent company, non-statutory audits of overseas subsidiaries and audit of consolidated financial statements	**457**	425
Fees payable to the Company's auditor and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	**28**	23
	485	448

3 Employees

Staff costs	Note	2021 $'000	2020 $'000
Wages and salaries		**59,616**	57,315
Social security costs		**4,578**	4,563
Pension costs – defined contribution plans	17	**2,117**	2,023
Pension – past service costs	17	**–**	77
Government job retention credits		**–**	(4,137)
Share option charges	22	**602**	625
Social security costs in respect of share options	22	**5**	9
		66,918	60,475

Government grants and other COVID-19 assistance

In 2020 the Group accessed certain government support schemes aimed at mitigating the potential impact on liquidity and job losses resulting from the impact of COVID-19. Support received includes $3.93m of employee retention credits under the US CARES Act and $0.21m under the UK Coronavirus Job Retention Scheme. No government support schemes were accessed in 2021.

Average monthly number of people (including Executive Directors) employed	**2021 Number**	2020 Number
Distribution and production	**446**	458
Sales and marketing	**494**	514
Administration	**209**	216
	1,149	1,188

Key management compensation	**2021 $'000**	2020 $'000
Salaries, fees and short-term employee benefits	**1,332**	1,261
Social security costs	**87**	70
Pension costs – defined contribution plans	**22**	24
Share option charges	**79**	(6)
Social security costs in respect of share options	**1**	–
	1,521	1,349

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

Directors' remuneration	**2021 $'000**	2020 $'000
Aggregate emoluments	**1,332**	1,261
Pension costs – defined contribution plans	**22**	24

4 Net finance cost

	2021 $'000	2020 $'000
Finance (cost)/income		
Bank and other interest receivable	**33**	168
Bank interest payable	**(58)**	(61)
Lease interest charge (note 15)	**(377)**	(132)
Pension finance charge (note 17)	**(15)**	(104)
Net finance cost	**(417)**	(129)

5 Taxation

	2021 $'000	2020 $'000
Current tax		
UK tax – current	**–**	–
Overseas tax – current	**5,910**	(845)
Overseas tax – prior periods	**15**	(53)
Total current tax	**5,925**	(898)
Deferred tax		
Origination and reversal of temporary differences	**1,718**	1,575
Adjustment in respect of prior periods	**–**	76
Total deferred tax (notes 11 and 18)	**1,718**	1,651
Taxation	**7,643**	753

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 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:

	2021 $'000	2020 $'000
Profit before tax	**30,229**	3,843
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**7,087**	523
Effects of:		
Adjustments in respect of prior periods	**15**	23
Expenses not deductible for tax purposes and non-taxable income	**4**	20
Other differences	**62**	101
Adjustments in respect of tax losses	**(274)**	(806)
De-recognition of deferred tax asset for UK losses	**749**	–
US BEAT liability	**–**	892
Taxation	**7,643**	753

The net deferred tax asset at 1 January 2022 has been calculated at a tax rate of 19% in respect of deferred tax items that are expected to reverse before 1 April 2023 (2020: 19%) and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (2020: 19%); and 25% (2020: 25%) in respect of US deferred tax items.

Management does not consider that there are any material uncertain tax positions.

'Other differences' comprises adjustments in respect of share options and US leases.

'Adjustments in respect of tax losses' includes the tax effect of brought forward UK tax losses utilised in the year and in 2020 includes the tax effect of US tax losses incurred in 2020 and carried back to prior years.

Following a review of forecast UK taxable profits, the deferred tax asset for UK tax losses has been de-recognised in the period.

US BEAT is an additional US federal tax imposed on US corporations that make certain types of payment to foreign related parties. The US Group had no BEAT liability for 2021.

6 Earnings per share

Basic and diluted

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

	2021 $'000	2020 $'000
Profit after tax	**22,586**	3,090

	2021 Number '000	2020 Number '000
Basic weighted average number of shares	**28,072**	28,003
Adjustment for employee share options	**68**	95
Diluted weighted average number of shares	**28,140**	28,098

	2021 Cents	2020 Cents
Basic earnings per share	**80.46**	11.03
Diluted earnings per share	**80.26**	11.00

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 13,888 (2020: 82,090).

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 which are likely to vest at the balance sheet date.

7 Dividends

Equity dividends – ordinary shares		2021 $'000	2020 $'000
Interim paid:	15.00c (2020: 00.00c)	4,134	–
Final paid:	00.00c (2020: 00.00c)	–	–
		4,134	–

The Directors are proposing a final dividend in respect of the period ended 1 January 2022 of 30.00c. Subject to Shareholder approval at the AGM, these dividends are payable on 31 May 2022 to Shareholders on the register of members at close of business on 29 April 2022. These financial statements do not reflect this proposed dividend.

8 Property, plant and equipment

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 3 January 2021	18,584	19,775	2,079	40,438
Additions	383	1,445	1,255	3,083
Transfers	13	(13)	–	–
Disposals	–	(24)	(453)	(477)
Exchange difference	(10)	(6)	(1)	(17)
At 1 January 2022	**18,970**	**21,177**	**2,880**	**43,027**
Depreciation:				
At 3 January 2021	3,126	11,125	1,355	15,606
Charge for the period	586	2,091	560	3,237
Transfers	1	(1)	–	–
Disposals	–	(24)	(453)	(477)
Exchange difference	(2)	(4)	–	(6)
At 1 January 2022	**3,711**	**13,187**	**1,462**	**18,360**
Net book value at 1 January 2022	**15,259**	**7,990**	**1,418**	**24,667**

Freehold land with a value of $1,034,000 (2020: $1,038,000) has not been depreciated.

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 29 December 2019	18,565	17,227	1,976	37,768
Additions	–	2,852	575	3,427
Disposals	(14)	(326)	(476)	(816)
Exchange difference	33	22	4	59
At 2 January 2021	18,584	19,775	2,079	40,438
Depreciation:				
At 29 December 2019	2,559	9,445	1,395	13,399
Charge for the period	564	1,995	433	2,992
Disposals	(1)	(326)	(476)	(803)
Exchange difference	4	11	3	18
At 2 January 2021	3,126	11,125	1,355	15,606
Net book value at 2 January 2021	15,458	8,650	724	24,832

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Property, plant and equipment continued

Impairment review

IAS 36 'Impairment of Assets' requires an assessment at each reporting date of whether there is any indication that an asset may be impaired. For the purposes of impairment testing, the Group is considered to have two cash-generating units ("CGU's"), being the US and UK businesses.

In the prior year, COVID-19 was considered an indication of impairment because of the material adverse effect it had on the trading activity of both CGU's. Whilst the Group is still being impacted by the effects of COVID-19, it is not of itself considered an indication of impairment for the current year.

An assessment of the US CGU did not identify any indications of impairment and accordingly, no indicator-based impairment testing has been undertaken. This is supported by the strong recovery in both demand and the financial results during 2021 of the trading business.

The UK CGU continued to be affected throughout 2021 by various COVID-19 restrictions that impacted the demand, net cash flows and operating results of the business. These are considered indications of impairment and therefore full impairment testing of the assets ascribed to the UK CGU has been undertaken in accordance with IAS 36.

Management has estimated the recoverable amount of these assets from value in use ("VIU") calculations. The key assumptions for the VIU calculations are operating cash flow forecasts, and the long-term growth rate and pre-tax discount rate. Operating cash flow forecasts are derived from the most recent financial budgets and forecasts approved by the Board of Directors covering a three-year period and are consistent with the forecasts used in the going concern and viability assessments. These forecasts include assumptions around revenue and operating margins and reflect external factors, including the impact of COVID-19 and environment related risks. A long-term growth rate of 2.5% has been used, based upon external research data for the UK promotional products markets. A pre-tax discount rate of 10.0% has been determined based upon the calculation of a weighted average cost of capital using the capital asset pricing model.

The recoverable amounts calculated exceeded the carrying values of the assets ascribed to the UK CGU of $0.9m, and therefore no impairment losses have been recognised. An independent valuation of the freehold land and buildings held by the UK CGU (comprising $0.7m of the total UK CGU carrying value of $0.9m) was undertaken at the end of 2021 and confirmed the fair value less costs of disposal exceeds the carrying value of the asset. Excluding land and buildings, the remaining carrying value of the UK CGU assets is immaterial to the Group.

9 Intangible assets

Computer software	**2021 $'000**	2020 $'000
Cost:		
At start of period	**2,546**	2,569
Additions	**382**	390
Disposals	**(417)**	(419)
Exchange difference	**(2)**	6
At end of period	**2,509**	2,546
Amortisation:		
At start of period	**1,446**	1,417
Charge for the period	**437**	443
Disposals	**(417)**	(419)
Exchange difference	**(2)**	5
At end of period	**1,464**	1,446
Net book value at end of period	**1,045**	1,100

The average remaining life of intangible assets is 2.4 years (2020: 2.5 years).

Impairment review

See note 8 for details of the impairment review undertaken for the Group's non-current assets.

10 Right-of-use assets

	Leasehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Total $'000
Cost:			
At 3 January 2021	15,784	–	15,784
Addition	–	–	–
Disposals	–	–	–
Exchange difference	–	–	–
At 1 January 2022	**15,784**	**–**	**15,784**
Depreciation:			
At 3 January 2021	2,719	–	2,719
Charge for the period	1,340	–	1,340
Disposals	–	–	–
Exchange difference	–	–	–
At 1 January 2022	**4,059**	**–**	**4,059**
Net book value at 1 January 2022	**11,725**	**–**	**11,725**

	Leasehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Total $'000
Cost:			
At 29 December 2019	3,405	13	3,418
Addition*	12,579	–	12,579
Disposals	(197)	(13)	(210)
Exchange difference	(3)	–	(3)
At 2 January 2021	15,784	–	15,784
Depreciation:			
At 29 December 2019	1,423	10	1,433
Charge for the period	1,495	3	1,498
Disposals	(197)	(13)	(210)
Exchange difference	(2)	–	(2)
At 2 January 2021	2,719	–	2,719
Net book value at 2 January 2021	13,065	–	13,065

* The addition relates to the renewal of the Oshkosh office lease from 1 October 2020 (see note 15).

Impairment review

See note 8 for details of the impairment review undertaken for the Group's non-current assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Deferred tax assets

	2021 $'000	2020 $'000
At start of period	**4,272**	4,338
Income statement charge	**(2,055)**	(1,510)
Deferred tax (charged)/credited to other comprehensive income	**(1,411)**	1,241
Deferred tax (charged)/credited to equity	**(228)**	35
Exchange difference	**22**	168
At end of period	**600**	4,272

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.

Trading forecasts approved by the Board of Directors and covering a three-year period support the recoverability of the recognised deferred tax assets.

All of the deferred tax asset ($0.6m) is expected to reverse within the next twelve months (2020: $1.0m).

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	UK tax losses $'000	Total $'000
At 3 January 2021	3	2,111	2,158	4,272
Income statement charge	–	(1,306)	(749)	(2,055)
Deferred tax charged to other comprehensive income	–	(213)	(1,198)	(1,411)
Deferred tax charged to equity	–	–	(228)	(228)
Exchange difference	–	5	17	22
At 1 January 2022	**3**	**597**	**–**	**600**

	Depreciation/ capital allowances $'000	Pension $'000	UK tax losses $'000	Total $'000
At 29 December 2019	4	2,091	2,243	4,338
Income statement charge	(1)	(1,123)	(386)	(1,510)
Deferred tax credited to other comprehensive income	–	1,057	184	1,241
Deferred tax credited to equity	–	–	35	35
Exchange difference	–	86	82	168
At 2 January 2021	3	2,111	2,158	4,272

The deferred income tax (debited)/credited to other comprehensive income is as follows:

	2021 $'000	2020 $'000
Tax relating to post-employment obligations	**(213)**	816
Effect of change in UK tax rate	**–**	241
Tax relating to losses	**(1,198)**	184
	(1,411)	1,241

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. Following a review of forecast UK taxable profits, the deferred tax asset for UK tax losses has been de-recognised in the period.

Deferred tax is recognised in the income statement, other comprehensive income or in equity when the items it relates to are recognised, in the same or a different period, in those categories. Deferred tax recognised or de-recognised on losses is allocated between the income statement, other comprehensive income and equity in proportion to how the losses arose.

No deferred tax asset has been recognised for UK losses carried forward of $34.0m (2020: $24.4m). These losses have no expiry date and may be available for offset against future profits in these companies.

12 Inventories

	2021 $'000	2020 $'000
Finished goods and goods for resale	**20,559**	11,271

During both the current and previous period, inventory was carried at cost less appropriate provisions. The carrying values did not exceed their net realisable value. $16,753,000 (2020: $7,934,000) of the inventories balance relates to goods in transit to customers at the balance sheet date. Provisions held against inventory total $70,000 (2020: $181,000).

During the period there was a credit to the income statement of $111,000 in respect of provisions for slow-moving and obsolete stock (2020: $nil). There has been no impact on the carrying value of inventory from the effects of COVID-19 due to the minimal levels of inventory held under the 'drop-ship' business model, the generic nature of items held and consistently high levels of inventory turnover.

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

13 Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables – gross	**48,700**	23,270
Provision for credits	**(1,808)**	(865)
Provision for impairment of trade receivables	**(1,669)**	(866)
Trade receivables – net	**45,223**	21,539
Other receivables	**14,104**	10,185
Prepayments	**4,262**	5,075
	63,589	36,799

The provision for credits, which covers promises made in our proposition to customers (page 18), has increased due to the longer supply chain lead times this year and is now a material amount. Therefore, it has been split out from trade receivables in the analysis above.

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.

Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtor to engage in a repayment plan with the Group or a subsequent failure to make agreed payments. An expected credit loss provision is then calculated on the remaining trade and other receivables.

Management has assessed the expected credit losses for trade receivables, which takes account of the uncertainty arising from COVID-19 and the related impact on the supply chain. In addition, certain individual customers (where there is objective evidence of credit impairment) have been provided for on a specific basis. This has resulted in an impairment charge to the income statement of $1,669,000 (2020: $865,000). The resultant provision for impairment of trade receivables continues to represent a small percentage of the trade receivables balance, reflecting the high volume and low value nature of customer transactions.

Other receivables include rebates receivable of $12,596,000 (2020: $9,283,000).

Management has reviewed other receivables and concluded that there is no impairment required of any receivables other than trade receivables. Certain measures have been undertaken during the course of the pandemic to reduce the Group's credit exposures, particularly in relation to rebates receivables, where more interim receipts of rebates due have been agreed with suppliers.

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	2021 $'000	2020 $'000
Up to 3 months	**12,169**	5,519
3 to 6 months	**2,660**	426
Over 6 months	**199**	52
	15,028	5,997

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Trade and other receivables continued

The ageing of impaired trade receivables is as follows:

Time past due date	2021 $'000	2020 $'000
Current	**657**	329
Up to 3 months	**581**	369
3 to 6 months	**344**	131
Over 6 months	**87**	37
	1,669	866

The trade receivables impairment provision for 2021 is calculated using the simplified approach to the expected credit loss model. The provisions made are based on the following percentages:

	2021		2020	
Age of trade receivable	Amount $'000	Provision %	Amount $'000	Provision %
Current	**30,852**	**2.1**	15,871	2.1
31 – 60 days	**8,109**	**2.8**	4,562	4.4
61 – 90 days	**4,641**	**7.6**	1,326	12.6
91 – 180 days	**3,004**	**11.5**	557	23.5
181 – 365 days	**270**	**27.4**	80	35.0
Over 365 days	**16**	**81.3**	9	100.0

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:

	2021 $'000	2020 $'000
Sterling	**2,356**	1,230
US dollars	**57,357**	33,265
Euros	**75**	37
Canadian dollars	**3,801**	2,267
	63,589	36,799

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

	2021 $'000	2020 $'000
At start of period	**866**	966
Utilised	**(866)**	(966)
Provided	**1,669**	865
Exchange difference	**–**	1
At end of period	**1,669**	866

14 Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	**41,589**	39,766

15 Leases

The Group leases office space in facilities in Oshkosh. The Oshkosh lease has a five-year term with a five-year extension option. In addition, there are various items of leasehold land and buildings (office facilities in London) and 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 10.

Lease liabilities	2021 $'000	2020 $'000
Due within one year	**1,150**	1,117
Due in two to three years	**2,407**	2,336
Due in four to five years	**2,733**	2,515
Due in over five years	**5,799**	7,238

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

	2021 $'000	2020 $'000
At start of period	**13,206**	2,045
Additions	**–**	12,579
Interest charge	**377**	132
Lease interest payments – operating cash flow	**(377)**	(132)
Lease capital payments – financing cash flow	**(1,117)**	(1,418)
At end of period	**12,089**	13,206

The amounts recognised in the income statement are as follows:

	2021 $'000	2020 $'000
Depreciation of right-of-use assets (note 10)	**1,340**	1,498
Interest expense on lease liabilities	**377**	132
Short-term and low value leases	**168**	137
	1,885	1,767

The cash outflow on leases in the period was $1,662,000 (2020: $1,687,000).

The Oshkosh office lease that was due to end on 31 March 2020 was extended for a six-month period to 30 September 2020 under the same terms as the expiring lease and then extended for a five-year period to 30 September 2025 under an option contained in the original lease, in late August 2020. The lessor has additionally granted the Group a further five-year option to renew the same office space for the period 1 October 2025 to 30 September 2030.

Following a detailed review of its options and requirements for office space after the end of the previous reporting period, the Group has assessed the likelihood of exercising the new option to extend as reasonably certain. Consequently, a lease term of ten years has been reflected in calculating the lease liability and right-of-use asset. A lease term of five years would have led to the adjustments to the right-of-use asset and lease liability being $6.5m lower than recognised.

The interest rate inherent in the lease could not be ascertained; therefore, estimates have been used based upon incremental costs of borrowing for a similar term and asset, obtained from the Group's US bankers. A change of plus or minus 1.0% in the interest rate would result in a decrease/increase in the lease liability at the year-end of $0.6m respectively.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 Trade and other payables – current

	2021 $'000	2020 $'000
Trade payables	**51,065**	32,138
Other tax and social security payable	**3,708**	5,726
Other payables	**186**	197
Contract liabilities	**10,434**	5,897
Accruals	**6,484**	5,611
	71,877	49,569

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.

Included within 'Other tax and social security payable' in 2020 was $2.28m of deferred US employer social security taxes. These were paid during 2021.

Contract liabilities represents the Group's obligation to transfer goods to customers for which payment has been received in advance. The closing balance has increased to $10.43m from $5.90m in 2020. This is attributable to the recovery in demand during the year after the unprecedented trading environment in 2020, and supply chain disruption in the second half of 2021 increasing the time for performance obligations to be satisfied. The opening contract liabilities balance of $5.90m has been recognised as revenue in 2021 (opening contract liabilities balance recognised as revenue in 2020 was $4.66m). The Group expects to complete its remaining performance obligations in respect of the closing contract liabilities balance of $10.43m and recognise the full amount as revenue in 2022.

17 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:

	2021 $'000	2020 $'000
Defined contribution plans – employers' contributions (note 3)	**2,117**	2,023

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:

	2021 $'000	2020 $'000
Administration costs paid by the scheme	**340**	343
Past service costs – GMP equalisation on transfers	**–**	77
Pension finance charge (note 4)	**15**	104
Total defined benefit pension charge	**355**	524

The past service cost in 2020 relates to an estimate of the Guaranteed Minimum Pension ("GMP") equalisation provision on transfers out of the scheme following the High Court ruling in the Lloyds case in November 2020. The charge is an estimate calculated by the Company's actuaries and the actual result may differ from this estimate.

The amounts recognised in the balance sheet comprise:

	2021 $'000	2020 $'000
Present value of funded obligations	**(37,826)**	(42,627)
Fair value of scheme assets	**39,800**	39,317
Net asset/(obligation) recognised on the balance sheet	**1,974**	(3,310)

The funds of the scheme are held in trust and administered by a corporate Trustee to meet pension liabilities for around 341 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 multi-asset credit fund designed to give lower volatility than equities, a Sterling liquidity fund and in gilt funds, with the overall objective of providing a hedge against movement in the liabilities due to interest rate fluctuation and inflation. The leveraged gilt funds use the repurchase of bonds to assist in the hedging of risks.

An actuarial valuation was undertaken as at 30 September 2019 in accordance with the scheme funding requirements of the Pensions Act 2004. The actuarial valuation showed a deficit of £19.4m. 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 was paid in May 2020 and ongoing contributions of £2.46m per annum are payable by the Company. These contributions commenced 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 actuarial valuation as at 30 September 2019, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 1 January 2022. 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 asset/ (obligation) $'000
Balance at 29 December 2019	(36,322)	24,017	(12,305)
Administration costs paid by the scheme	(343)	–	(343)
Past service costs	(77)	–	(77)
Interest (expense)/income	(677)	573	(104)
Return on scheme assets (excluding interest income)	–	1,261	1,261
Re-measurement losses due to changes in scheme experience	(1,119)	–	(1,119)
Re-measurement gains due to changes in demographic assumptions	50	–	50
Re-measurement losses due to changes in financial assumptions	(4,481)	–	(4,481)
Contributions by employer	–	13,278	13,278
Benefits paid	2,163	(2,163)	–
Exchange (loss)/gain	(1,821)	2,351	530
Balance at 2 January 2021	(42,627)	39,317	(3,310)
Administration costs paid by the scheme	**(340)**	**–**	**(340)**
Interest (expense)/income	**(523)**	**508**	**(15)**
Return on scheme assets (excluding interest income)	**–**	**(1,391)**	**(1,391)**
Re-measurement gains due to changes in scheme experience	**33**	**–**	**33**
Re-measurement gains due to changes in demographic assumptions	**106**	**–**	**106**
Re-measurement gains due to changes in financial assumptions	**2,367**	**–**	**2,367**
Contributions by employer	**–**	**4,589**	**4,589**
Benefits paid	**2,708**	**(2,708)**	**–**
Exchange gain/(loss)	**450**	**(515)**	**(65)**
Balance at 1 January 2022	**(37,826)**	**39,800**	**1,974**

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

	2021		2020	
	$'000	**%**	$'000	%
Multi-asset credit fund	**9,624**	**24.2**	9,635	24.5
Sterling liquidity fund	**7,051**	**17.7**	4,253	10.8
Gilt funds	**5,980**	**15.0**	6,471	16.5
Index-linked gilt funds	**4,376**	**11.0**	4,227	10.7
Leveraged gilt funds	**7,901**	**19.9**	9,787	24.9
Leveraged index-linked gilt funds	**3,737**	**9.4**	4,764	12.1
Cash	**1,131**	**2.8**	180	0.5

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Employee pension schemes continued

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. Following the completion of the 2019 valuation and agreement from the Company to the lump sum contribution, after due consideration, this resulted in a switch from the previous investment portfolio to a de-risked portfolio containing: a multi-asset credit fund; a Sterling liquidity fund; and a revised selection of gilt funds designed to match the interest rate and inflation exposure of the scheme liabilities, with the aim of being fully funded on a gilts+0% p.a. basis by the end of the current recovery plan in mid-2024.

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, which can be found on the Company's website at investors.4imprint.com/governance/4imprint-2016-pension-plan.

The assets are held in: (i) multi-asset credit fund, investing in debt and debt like assets, including but not limited to, debt instruments with a fixed, variable or floating rate coupon; and (ii) gilt and index-linked gilt funds, some of which are leveraged to provide a hedge against movements in the pension liabilities due to interest rate fluctuation and inflation. These funds invest in gilts, index-linked gilts, gilt repos, reverse gilt repos and a Sterling liquidity fund, with the aim to provide similar interest rate and inflation sensitivities to those of the scheme. The Sterling liquidity fund invests in certificates of deposit, fixed and floating rate notes, fixed rate commercial paper and bonds listed or traded on one or more recognised exchanges.

None of the funds are quoted but they invest in quoted investments and, in the case of the leveraged funds, in gilt repos. The funds are valued at net asset values by the fund managers, with the gilt repo valuations performed by the investment manager's valuation specialists.

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

	2021 %	2020 %
Rate of increase in pensions in payment	**3.25**	2.85
Rate of increase in deferred pensions	**2.75**	2.30
Discount rate	**1.80**	1.25
Inflation assumption – RPI	**3.35**	2.90
– CPI	**2.75**	2.30

The mortality assumptions adopted at 1 January 2022 reflect the most recent version of the tables used in the September 2019 triennial valuation. The assumptions imply the following life expectancies at age 65:

	2021 Years	2020 Years
Male currently aged 40	**22.3**	22.3
Female currently aged 40	**24.2**	24.2
Male currently aged 65	**21.3**	21.3
Female currently aged 65	**23.0**	23.0

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 0.5%	+8.80%
Rate of inflation	Increase of 0.5%	+3.30%
Rate of mortality	Increase in life expectancy of one year	+4.50%

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 1 January 2022 is 19 years (2020: 20 years).

18 Deferred tax liabilities

	2021 $'000	2020 $'000
At start of period	**1,193**	968
Prior year adjustment	**–**	76
Deferred tax (credited)/charged to income statement	**(337)**	65
Deferred tax (credited)/charged to equity	**(5)**	83
Exchange difference	**(1)**	1
At end of period	**850**	1,193

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 3 January 2021	2,461	(1,268)	1,193
Deferred tax charged/(credited) to income statement	103	(440)	(337)
Deferred tax credited to equity	–	(5)	(5)
Exchange difference	(1)	–	(1)
At 1 January 2022	**2,563**	**(1,713)**	**850**

'Other' includes short-term timing differences and future deductions relating to conditional share awards for US employees of which $151,000 (2020: $121,000) is expected to reverse within the next twelve months.

	Depreciation/ capital allowances $'000	Other $'000	Total $'000
At 29 December 2019	2,171	(1,203)	968
Prior year adjustment	49	27	76
Income statement charge/(credit)	240	(175)	65
Deferred tax charged to equity	–	83	83
Exchange difference	1	–	1
At 2 January 2021	2,461	(1,268)	1,193

19 Borrowings

The Group had the following committed floating rate borrowing facilities available:

Borrowing facilities

	2021 $'000	2020 $'000
Expiring in more than one year	**20,000**	20,000

Committed facilities comprise an unsecured US$20.0m line of credit for 4imprint, Inc., which expires on 31 May 2023. The Company also has an unsecured UK overdraft facility of £1.0m that is repayable on demand, which expires on 31 December 2022.

These facilities were undrawn at the year-end (2020: undrawn).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 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 1 January 2022 the Group had no forward currency contracts outstanding (2020: none).

The movement in the exchange rates compared to the prior period decreased profit after tax by $0.45m and decreased net assets by $0.20m. The average rate used to translate profits was US$1.38 (2020: US$1.28) and the closing rate was US$1.35 (2020: US$1.36).

A strengthening in the Sterling exchange rate by 10% (the approximate range of movement of the exchange rate during the year) would have reduced profit in the period by $0.68m and net assets would be increased at the period end by $1.60m.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to trade receivable balances due from customers and other receivable balances due from suppliers.

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:

	2021 $'000	2020 $'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments) (note 13)	**59,327**	31,724
Cash and cash equivalents (note 14)	**41,589**	39,766
Financial liabilities at amortised cost		
Trade and other payables (excluding non-financial liabilities) (note 16)	**(61,443)**	(43,672)

	2021 $'000	2020 $'000
Lease commitments		
Due within one year	**1,494**	1,494
Due in two to three years	**2,987**	2,987
Due in four to five years	**3,161**	3,022
Due over five years	**6,123**	7,756

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.

Trade receivables are shown net of credits and expected credit losses. The expected credit losses on other receivables are $nil (2020:$nil).

Cash was held with the following banks at the period end:

	2021 Rating	2021 Deposit $'000	2020 Rating	2020 Deposit $'000
Lloyds Bank plc	**Aa3**	**12,712**	Aa3	11,554
JPMorgan Chase Bank, N.A.	**Aa1**	**28,862**	Aa1	28,200
Other		**15**		12
		41,589		39,766

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Management of 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. Terms are agreed which are considered appropriate for the funding requirements 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 19 and lease liabilities in note 15.

At 1 January 2022 the cash position (note 14) of the Group was $41.59m (2020: $39.77m).

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 33.

In 2021 the Company provided returns to Shareholders in the form of an interim dividend but no final dividend for 2020 was paid, due to the impact of the pandemic on the business. Shares were purchased by an employee benefit trust, to cover options maturing during the year and in 2022.

21 Share capital

	2021 $'000	2020 $'000
Issued and fully paid		
28,085,530 (2020: 28,085,530) ordinary shares of 38⁶/₁₃p each	**18,842**	18,842

All shares have the same rights.

The Company issued no ordinary shares in the period (2020: none). Share option exercises were satisfied by transfer of shares from an employee benefit trust.

The following options have been granted and were outstanding under the Company's share option schemes:

Scheme	Date of grant	Number of ordinary shares 2021	Number of option holders 2021	Number of ordinary shares 2020	Subscription price	Date exercisable From	Date exercisable To
US ESPP	17/05/21	**97,624**	**604**	–	$27.61	Jul 2023	Jul 2023
UK SAYE	25/09/19	**13,880**	**30**	16,052	£22.70	Nov 2022	Apr 2023
2015 Incentive Plan	15/04/18	**–**	**–**	16,547	$nil	Apr 2021	Apr 2028
2015 Incentive Plan	28/03/19	**39,285**	**9**	39,285	$nil	Mar 2022	Mar 2029
2015 Incentive Plan	30/03/20	**12,640**	**7**	12,640	$nil	Mar 2023	Mar 2030
Total		**163,429**		84,524			

The weighted average exercise price for options outstanding at 1 January 2022 was £14.16 (2020: £4.31).

Details of share schemes are disclosed in note 22.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Share capital continued

Deferred Bonus Plan (formerly the 2015 Incentive Plan/Deferred Annual Bonus Scheme)

Under the Deferred Bonus Plan ("DBP") 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. No options or conditional shares will be awarded in respect of 2021 (2020: nil).

22 Share-based payments

Share options may be granted to senior management and, in addition, SAYE and ESPP schemes exist for all UK and US employees. The exercise price for SAYE and ESPP 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 schemes 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; volatility that is measured at the standard deviation of expected share price returns based on historical statistical analysis of daily share prices and adjusted for any periods of extraordinary volatility; and a risk-free rate that is based on zero coupon government bond yields.

	2021 $'000	2020 $'000
Charge resulting from spreading the fair value of options	**602**	625
Social security costs in respect of share options	**5**	9
Total	**607**	634

The fair value per option granted and the assumptions used in the calculation are as follows:

	US ESPP scheme	UK SAYE scheme
Grant date	17/05/21	25/09/19
Share price at grant date	£23.00	£29.90
Exercise price	$27.61	£22.70
Number of employees	604	30
Shares under option	97,624	13,880
Vesting period (years)	2.2	3.0
Expected volatility	30%	30%
Option life (years)	2.2	3.5
Expected life (years)	2.2	3.0
Risk-free rate	0.09%	0.36%
Expected dividends expressed as a dividend yield	2.0%	2.0%
Possibility of ceasing employment before vesting	2%	5%
Expectations of meeting performance criteria	100%	100%
Fair value per option	£5.03	£8.09

In respect of the executive awards under the 2015 Incentive Plan, now replaced by the DBP, the fair value of the awards of options or conditional shares made in 2018, 2019 and 2020 are based on the share price at 31 December 2017, 31 December 2018 and 31 December 2019 respectively. The option life is between 4.25 to 6.25 years from the start of the financial year to which the awards relate. There are no awards of options or conditional shares in respect of 2021 or 2020.

A reconciliation of option movements over the period is shown below:

	2021		2020	
	Number of shares	**Weighted average exercise price (£)**	Number of shares	Weighted average exercise price (£)
Outstanding at start of period	**84,524**	**4.31**	190,834	11.19
Granted	**100,630**	**20.07**	12,640	0.00
Forfeited/cancelled	**(5,135)**	**21.18**	(6,222)	18.58
Exercised	**(16,590)**	**0.05**	(112,728)	14.99
Outstanding at end of period	**163,429**	**14.16**	84,524	4.31
Exercisable at end of period	**–**	**–**	–	–

	2021				2020			
			Weighted average remaining life (years)				Weighted average remaining life (years)	
Range of exercise prices	**Weighted average exercise price**	**Number of shares**	**Expected**	**Contractual**	Weighted average exercise price	Number of shares	Expected	Contractual
Nil	**$0.00**	**51,925**	**1.14**	**1.14 to 1.47**	$0.00	68,472	1.69	1.69 to 2.01
£20 – 21	**$27.61**	**97,624**	**1.56**	**1.56**	–	–	–	–
£22 – 23	**£22.70**	**13,880**	**0.83**	**1.33**	£22.70	16,052	1.83	2.33

23 Other reserves

	Capital redemption reserve $'000	Cumulative translation differences $'000	Total $'000
Balance at 29 December 2019	369	4,885	5,254
Currency translation differences	–	863	863
Balance at 2 January 2021	369	5,748	6,117
Currency translation differences	**–**	**(97)**	**(97)**
Balance at 1 January 2022	**369**	**5,651**	**6,020**

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.

24 Cash generated from operations

	2021 $'000	2020 $'000
Profit before tax	**30,229**	3,843
Adjustments for:		
Depreciation of property, plant and equipment	**3,237**	2,992
Amortisation of intangible assets	**437**	443
Amortisation of right-of-use assets	**1,340**	1,498
Gain on disposal of property, plant and equipment	**–**	(80)
Share option charges	**602**	625
Net finance cost	**417**	129
Defined benefit pension administration charge and past service costs	**340**	420
Contributions to defined benefit pension scheme*	**(4,589)**	(13,278)
Changes in working capital:		
(Increase)/decrease in inventories	**(9,288)**	186
(Increase)/decrease in trade and other receivables	**(26,831)**	16,119
Increase/(decrease) in trade and other payables	**22,363**	(9,713)
Cash generated from operations	**18,257**	3,184

* Includes a special pension contribution in 2020 of $9.14m.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Contingent liabilities

The Group has no known contingent liabilities (2020: none).

26 Capital commitments

The Group had capital commitments contracted for but not provided for in the financial statements at 1 January 2022 for property, plant and equipment of $nil (2020: $0.3m).

27 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.

Key management compensation is disclosed in note 3.

COMPANY BALANCE SHEET

at 1 January 2022

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	A	**3**	5
Right-of-use assets	B	**–**	–
Investments	C	**105,030**	104,746
Deferred tax assets	D	**445**	3,130
Retirement benefit asset	H	**1,465**	–
Other receivables	E	**–**	243,034
		106,943	350,915
Current assets			
Other receivables	E	**244,948**	558
Cash and cash equivalents		**9,083**	7,790
		254,031	8,348
Current liabilities			
Lease liabilities	F	**–**	–
Amounts due to subsidiary companies	I	**(118,721)**	–
Other payables	G	**(431)**	(419)
		(119,152)	(419)
Net current assets		**134,879**	7,929
Non-current liabilities			
Retirement benefit obligation	H	**–**	(2,425)
Amounts due to subsidiary companies	I	**–**	(117,225)
		–	(119,650)
Net assets		**241,822**	239,194
Shareholders' equity			
Share capital	K	**10,802**	10,802
Share premium reserve		**38,575**	38,575
Capital redemption reserve		**208**	208
Retained earnings*		**192,237**	189,609
Total equity		**241,822**	239,194

* 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 paid for the period of £6,220,000 (2020: £12,634,000) is included in the retained earnings of the Company.

The financial statements on pages 123 to 133 were approved by the Board of Directors on 15 March 2022 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 1 January 2022

	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 29 December 2019	10,802	38,575	208	(2,276)	180,424	227,733
Profit for the period					12,634	12,634
Other comprehensive income/(expense)						
Re-measurement loss on post-employment obligations					(3,339)	(3,339)
Deferred tax relating to components of other comprehensive income (note D)					966	966
Total comprehensive income					10,261	10,261
Proceeds from options exercised					1,625	1,625
Own shares purchased				(941)		(941)
Own shares utilised				2,807	(2,807)	–
Share-based payment charge					4	4
Capital instrument granted to subsidiary					485	485
Deferred tax relating to losses attributable to share options					27	27
Balance at 2 January 2021	10,802	38,575	208	(410)	190,019	239,194
Profit for the period					**6,220**	**6,220**
Other comprehensive income/(expense)						
Re-measurement gain on post-employment obligations					**812**	**812**
Deferred tax relating to components of other comprehensive income (note D)					**(1,025)**	**(1,025)**
Total comprehensive income					**6,007**	**6,007**
Own shares purchased				**(617)**		**(617)**
Own shares utilised				**410**	**(410)**	**–**
Share-based payment charge					**39**	**39**
Capital instrument granted to subsidiary					**395**	**395**
Deferred tax relating to losses attributable to share options					**(166)**	**(166)**
Dividends					**(3,030)**	**(3,030)**
Balance at 1 January 2022	**10,802**	**38,575**	**208**	**(617)**	**192,854**	**241,822**

* See note L.

COMPANY CASH FLOW STATEMENT

for the 52 weeks ended 1 January 2022

	Note	2021 52 weeks £'000	2020 53 weeks restated* £'000
Cash flows from operating activities			
Cash used in operations	J	**(5,395)**	(13,292)
Tax paid		**–**	–
Finance income		**19,535**	20,221
Finance costs		**(9,386)**	(10,064)
Net cash generated from/(used in) operating activities		**4,754**	(3,135)
Cash flows from investing activities			
Purchases of property, plant and equipment		**–**	(3)
Dividends received		**75**	5,950
Return of capital contributions		**111**	477
Net cash generated from investing activities		**186**	6,424
Cash flows from financing activities			
Capital element of lease payments		**–**	(31)
Proceeds from share options exercised		**–**	1,625
Own shares purchased		**(617)**	(941)
Dividends paid to Shareholders		**(3,030)**	–
Net cash (used in)/generated from financing activities		**(3,647)**	653
Net movement in cash and cash equivalents		**1,293**	3,942
Cash and cash equivalents at beginning of the period		**7,790**	3,848
Cash and cash equivalents at end of the period		**9,083**	7,790
Analysis of cash and cash equivalents			
Cash at bank and in hand		**9,083**	7,790

* See Basis of preparation note on page 126.

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 on a going concern basis (see going concern in basis of preparation section of the Group financial statements on pages 96 and 97 for further information), under the historical cost convention in accordance with UK-adopted International Accounting Standards.

New accounting standards applicable for the first time in this reporting period have no impact on the Company's results or balance sheet.

Environmental risks

In preparing the financial statements, management has considered the impact of environmental risks. Whilst the impact of environmental risks are still developing and therefore all possible future outcomes are uncertain, risks known to the Company have been considered in judgments, estimates and assumptions and in assessing viability and going concern. These considerations did not have a material impact on the financial statements.

Restatement of comparative information

The FRC's Corporate Reporting Review department carried out a review of the Company's 2020 Annual Report and Accounts and noted that dividends received, from subsidiary undertakings, were classified as financing cash inflows, whereas IAS 7 paragraph 33 requires these to be classified either as operating or investing cash flows.

As a result of the review, the comparatives in the cash flow statement have been restated to move dividends received from financing to investing activities. The impact of this is to increase the cash flow from investing activities by £5,950,000 and reduce the cash flow from financing activities by the same amount. This had no impact on the cash position of the Company.

The FRC's queries regarding the above matters have been resolved to their satisfaction and the review has been closed. In their correspondence, the FRC states that their review is based on the Company's 2020 Annual Report and Accounts; it does not benefit from a detailed understanding of underlying transactions and provides no assurance that the Company's 2020 Annual Report and Accounts are correct in all material respects.

Judgments, estimates and assumptions

Impact of COVID-19 on estimates

The impact of COVID-19 on the financial statements has been considered in determining the estimates required in relation to the impairment of investments, the expected credit loss provision for amounts due from subsidiary companies, and the recoverability of deferred tax assets.

Whilst the uncertainty surrounding the ultimate impact of the COVID-19 pandemic has resulted in significant estimation in respect to the future cash flows of subsidiary companies and in determining appropriate discount rates, growth rates, and probability of default rates necessary for undertaking impairment reviews and assessing the recoverability of assets (please refer to note C 'Investments' and note E 'Other receivables' for further information on the impairment review processes), these are not considered to represent critical accounting judgments or key sources of estimation uncertainty in the preparation of the financial statements.

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 critical accounting policies:

Critical accounting judgments

Retirement benefit asset

At the balance sheet date, the fair value of the defined benefit assets exceeded the present value of the defined benefit obligations of the 4imprint 2016 Pension Plan. Although the Group anticipates that the surplus will be utilised during the life of the plan to address members' liabilities, the Group recognises the surplus in full on the basis that it is managements' judgment that there are no restrictions on the return of residual plan assets in the event of a winding up of the plan after all member obligations have been met.

Key sources of estimation uncertainty

Pensions

As detailed in note 17, the Company sponsors a defined benefit pension scheme closed to new members and future accruals. Period-end recognition of the liabilities under this scheme requires 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 amounts recorded in other comprehensive income and on the pension liabilities in the balance sheet. Sensitivities to changes in these assumptions are disclosed in note 17. In addition, the assets held by the scheme include funds that may contain gilt repos and reverse gilt repos, the valuations of which are complex.

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 99 to 102 except for the investments and intercompany loans policies noted below. These policies have been consistently applied to all the periods presented.

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, and any changes, are recognised in the income statement. Amounts owed by subsidiary undertakings are discounted when the time value of money is considered material.

A. Property, plant and equipment

	Fixtures & fittings £'000
Cost:	
At 29 December 2019	48
Additions	3
At 2 January 2021	51
Additions	–
At 1 January 2022	**51**
Depreciation:	
At 29 December 2019	45
Charge for the period	1
At 2 January 2021	46
Charge for the period	2
At 1 January 2022	**48**
Net book value at 1 January 2022	**3**
Net book value at 2 January 2021	5

B. Right-of-use assets

	Leasehold land and buildings £'000
Cost:	
At 29 December 2019	153
Disposal	(153)
At 2 January 2021 and at 1 January 2022	**–**
Depreciation:	
At 29 December 2019	122
Charge for the period	31
Disposal	(153)
At 2 January 2021 and at 1 January 2022	**–**
Net book value at 1 January 2022	**–**
Net book value at 2 January 2021	–

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS CONTINUED

C. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 29 December 2019	104,738
Capital contribution repaid by subsidiary undertaking	(477)
Capital contribution to subsidiary undertaking	485
At 2 January 2021	104,746
Capital contribution repaid by subsidiary undertaking	**(111)**
Capital contribution to subsidiary undertaking	**395**
At 1 January 2022	**105,030**

The capital contribution represents IFRS 2 'Share-based Payments' charges in respect of subsidiaries which will not be recharged until the options vest. £111,000 of prior years' capital contributions have been repaid in the year.

Subsidiary undertakings

The subsidiaries at 1 January 2022 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

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.

Impairment review

IAS 36 'Impairment of Assets' requires an assessment at each reporting date of whether there is any indication that an asset may be impaired. For the purposes of impairment testing, the Group is considered to have two cash-generating units ("CGU's"), being the US and UK businesses.

In the prior year, COVID-19 was considered an indication of impairment because of the material adverse effect it had on the trading activity of both CGU's. Whilst the Group is still being impacted by the effects of COVID-19, it is not of itself considered an indication of impairment for the current year.

An assessment of the US CGU did not identify any indications of impairment and accordingly, no indicator-based impairment testing has been undertaken. This is supported by the strong recovery in both demand and the financial results of the US trading business for 2021.

The UK CGU continued to be affected throughout 2021 by various COVID restrictions that impacted the demand, net cash flows and operating results of the UK trading business. These are considered indications of impairment and therefore full impairment testing of the UK CGU has been undertaken in accordance with IAS 36.

The carrying amount of the investments balance attributable to the UK CGU is £101,000 (2020: £59,000).

Management has estimated the recoverable amount of this asset from a value in use ("VIU") calculation.

The key assumptions for the VIU calculation are operating cash flow forecasts, and the long-term growth and pre-tax discount rates. Operating cash flow forecasts are derived from the most recent financial budget and forecast approved by the Board of Directors covering a three-year period and are consistent with the forecasts used in the going concern and viability assessments of the Group and Company. These forecasts include assumptions around revenue and operating margins and reflect external factors, including the impact of COVID-19 and environment related risks. A long-term growth rate of 2.5% has been used, based upon external research data for the UK promotional products market. A pre-tax discount rate of 10.0% has been determined based upon the calculation of a weighted average cost of capital using the capital asset pricing model.

The recoverable amount calculated exceeded the carrying value of the investments in UK subsidiary undertakings of £101,000 and therefore no impairment loss has been recognised.

D. Deferred tax assets

	2021 £'000	2020 £'000
At start of period	**3,130**	3,313
Income statement charge	**(1,494)**	(1,176)
Deferred tax (debited)/credited to other comprehensive income	**(1,025)**	966
Deferred tax (debited)/credited to equity	**(166)**	27
At end of period	**445**	3,130

Deferred tax analysis

	Pension £'000	ACA £'000	Losses £'000	Total £'000
At 3 January 2021	1,546	2	1,582	3,130
Income statement charge	(949)	–	(545)	(1,494)
Deferred tax debited to other comprehensive income	(154)	–	(871)	(1,025)
Deferred tax debited to equity	–	–	(166)	(166)
At 1 January 2022	**443**	**2**	**–**	**445**

	Pension £'000	ACA £'000	Losses £'000	Total £'000
At 29 December 2019	1,597	3	1,713	3,313
Income statement charge	(874)	(1)	(301)	(1,176)
Deferred tax credited to other comprehensive income	823	–	143	966
Deferred tax credited to equity	–	–	27	27
At 2 January 2021	1,546	2	1,582	3,130

The deferred income tax (debited)/credited to other comprehensive income is as follows:

	2021 £'000	2020 £'000
Tax relating to post-employment obligations	**(154)**	635
Tax relating to losses	**(871)**	143
Effect of change in UK tax rate	**–**	188
	(1,025)	966

The net deferred tax asset at 1 January 2022 has been calculated at a tax rate of 19% in respect of deferred tax items that are expected to reverse before 1 April 2023 (2020: 19%), and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (2020: 19%).

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. Following a review of forecast UK taxable profits, the deferred tax asset for UK tax losses has been de-recognised in the period.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS CONTINUED

E. Other receivables

	2021 £'000	2020 £'000
Amounts due from subsidiary companies	**244,953**	243,434
Expected credit loss allowance on amounts due from subsidiary companies	**(329)**	(106)
Net amount due from subsidiary companies	**244,624**	243,328
Other receivables	**227**	184
Prepayments and accrued income	**97**	80
	244,948	243,592
Less non-current portion: Amounts due from subsidiary companies	**–**	(243,034)
	244,948	558

Trading amounts due from subsidiary companies of £317,000 (2020: £294,000) are repayable on demand and are non-interest-bearing.

Loans due from subsidiary companies of £244,636,000 (2020: £243,140,000) are repayable on 7 September 2022 and bear interest at market rates ranging from 8.0% to 8.2%. Included within the total amount due is a US dollar denominated loan of $160,000,000 (2021: £118,721,000; 2020: £117,225,000). The movement in the GBP equivalent balance between 2020 and 2021 is due to an exchange gain of £1,496,000 (2020: exchange loss of £4,968,000) arising from the movement in the Sterling to US dollar exchange rate.

It is the intention of the Directors that the intercompany loans repayable on 7 September 2022 will be refinanced at maturity.

Other receivables are only written off when the Company has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtor to engage in a repayment plan with the Company or a subsequent failure to make agreed payments. An expected credit loss ("ECL") provision is then calculated on the remaining other receivables.

An ECL provision of £329,000 (2020: £106,000) has been recognised on the $160,000,000 intercompany loan to 4imprint US Group Inc. that is due on 7 September 2022. The emergence of COVID-19 and resulting adverse impact to the borrower's credit profile from a deterioration in the trading performance of its principal subsidiary is considered an indicator that the loan no longer presents a low credit risk. Interest on the loan is still being received and cash flow forecasts demonstrate the ability of the borrower to continue making interest payments through to maturity. Accordingly, the loan has been classified as 'stage 2' which requires lifetime expected credit losses to be considered in determining the ECL.

Management has estimated the ECL over the remaining life of the loan using a common credit loss methodology that incorporates probability of default, loss given default, and exposure at default inputs. Probability of default has been determined using historical average cumulative default rates for US corporates for the remaining duration of the loan, as calculated by external rating agencies. These have been adjusted to reflect prevailing economic conditions considering COVID-19 and are based on a synthetic rating calculated at year-end. Loss given default has been estimated based upon the weighted expected credit losses of two scenarios where no credit loss occurs, and the possibility that a credit loss occurs. The exposure at default is the outstanding balance of the loan.

There is expected to be no credit losses in respect of the other receivables, reflecting the availability of sufficient liquid assets to the borrowing entities to enable them to settle their obligations at short notice.

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

	2021 £'000	2020 £'000
Sterling	**126,275**	126,216
US dollars	**118,673**	117,376
	244,948	243,592

F. Leases

The Company leases office space in a serviced office facility in London. This lease had a two-year term, which expired in March 2020. A new licence agreement was then taken up on the offices which has only a one-year term and thus is classified as a short-term lease. Rental on the new licence agreement has been expensed to operating profit on a straight-line basis. 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

	2021 £'000	2020 £'000
Expiring within one year	**–**	–

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

	2021 £'000	2020 £'000
At start of period	**–**	31
Interest charge	**–**	–
Lease payments	**–**	(31)
At end of period	**–**	–

The amounts recognised in the income statement are as follows:

	2021 £'000	2020 £'000
Depreciation of right-of-use assets (note B)	**–**	31
Interest expense on lease liabilities	**–**	–
Short-term lease hire	**116**	99
Low value leases	**3**	3
	119	133

The cash outflow on leases in the period was £119,000 (2020: £133,000).

G. Other payables

	2021 £'000	2020 £'000
Other payables	**121**	134
Other tax and social security	**40**	36
Accruals	**270**	249
	431	419

H. Retirement benefit asset/obligation

The amount recognised in the balance sheet represents the net asset (2020: obligation) in respect of the closed defined benefit pension scheme. Full details of the defined benefit scheme are contained in note 17 on pages 114 to 116.

The Sterling analysis of the balance sheet amount is as follows:

	2021 £'000	2020 £'000
Present value of funded obligations	**(28,067)**	(31,231)
Fair value of scheme assets	**29,532**	28,806
Net asset/(obligation) recognised in the balance sheet	**1,465**	(2,425)

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS CONTINUED

H. Retirement benefit asset/obligation continued

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 asset/ (obligation) £'000
Balance at 29 December 2019	(27,740)	18,343	(9,397)
Administration costs paid by the scheme	(267)	–	(267)
Past service costs	(60)	–	(60)
Interest (expense)/income	(527)	446	(81)
Return on scheme assets (excluding interest income)	–	982	982
Re-measurement losses due to changes in scheme experience	(871)	–	(871)
Re-measurement gains due to changes in demographic assumptions	39	–	39
Re-measurement losses due to changes in financial assumptions	(3,489)	–	(3,489)
Contributions by employer*	–	10,719	10,719
Benefits paid	1,684	(1,684)	–
Balance at 2 January 2021	(31,231)	28,806	(2,425)
Administration costs paid by the scheme	**(248)**	**–**	**(248)**
Interest (expense)/income	**(379)**	**369**	**(10)**
Return on scheme assets (excluding interest income)	**–**	**(1,011)**	**(1,011)**
Re-measurement gains due to changes in scheme experience	**24**	**–**	**24**
Re-measurement gains due to changes in demographic assumptions	**77**	**–**	**77**
Re-measurement gains due to changes in financial assumptions	**1,721**	**–**	**1,721**
Contributions by employer	**–**	**3,337**	**3,337**
Benefits paid	**1,969**	**(1,969)**	**–**
Balance at 1 January 2022	**(28,067)**	**29,532**	**1,465**

* Includes a special contribution of £7.5m.

I. Amounts due to subsidiary companies

The amounts due to subsidiary companies are repayable on 7 September 2022. The loans are US dollar denominated and interest-bearing at market rates of interest, ranging from 8.0% to 8.2%.

It is the intention of the Directors that the intercompany loans repayable on 7 September 2022 will be refinanced at maturity.

The movement in the amounts due are:

	2021 £'000	2020 £'000
At start of period	**117,225**	122,193
Exchange movement	**1,496**	(4,968)
At end of period	**118,721**	117,225

J. Cash used in operations

	2021 £'000	2020 £'000
Profit before tax	**7,714**	13,810
Adjustments for:		
Depreciation of property, plant and equipment	**2**	1
Amortisation of right-of-use assets	**–**	31
Share option charges	**39**	4
Impairment of loan to subsidiary	**223**	106
Dividends received	**(75)**	(5,950)
Net finance income	**(10,143)**	(10,066)
Defined benefit pension administration charge and past service costs	**248**	327
Contributions to defined benefit pension scheme (note H)	**(3,337)**	(10,719)
Changes in working capital:		
Increase in trade and other receivables	**(67)**	(71)
Increase/(decrease) in trade and other payables	**24**	(60)
Movements in amounts due to/from subsidiary undertakings	**(23)**	(705)
Cash used in operations	**(5,395)**	(13,292)

K. Share capital

	2021 £'000	2020 £'000
Allotted and fully paid		
28,085,530 (2020: 28,085,530) ordinary shares of 38⁶/₁₃p each	**10,802**	10,802

During the period no ordinary shares were issued (2020: 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 21 on pages 119 and 120. Full details of the share option schemes are given in note 22 on pages 120 and 121.

Employees of the Company had interests in 1,821 SAYE options (2020: 1,821).

L. Distributable reserves

The profit and loss reserve of £192,854,000 (2020: £190,019,000) in the Company includes £125,915,000 (2020: £125,915,000), which is non-distributable.

M. Commitments and contingent liabilities

The Company has provided Letters of Support to its subsidiary companies, 4imprint Direct Limited, 4imprint UK Holdings Limited, 4imprint USA Limited, and 4imprint North America Limited.

The Company has also entered into a Pound Sterling Facility Agreement with one of its subsidiaries, 4imprint Direct Limited, enabling it to borrow up to £1,000,000 from the Company under a revolving credit facility until 10 December 2025. Interest is payable at the UK base rate for Sterling plus 2.0% on any loans drawn under the facility.

The Company had no known contingent liabilities at 1 January 2022 (2020: none).

N. Employees

	2021 £'000	2020 £'000
Wages and salaries	**807**	764
Social security costs	**116**	136
Pension costs – defined contribution plans	**17**	9
Share option charges	**39**	4
	979	913

The average number of people, including Executive Directors, employed by the Company during the period was 4 (2020: 4).

O. Related party transactions

During the period the Company has been party to a number of transactions with fellow subsidiary companies:

	2021 £'000	2020 £'000
Income statement		
Finance income due from subsidiary companies	**19,535**	20,214
Finance costs due to subsidiary companies	**(9,381)**	(10,062)
Balance sheet		
Interest-bearing loans due from subsidiary companies at end of period	**244,307**	243,034
Interest-bearing loans due to subsidiary companies at end of period	**(118,721)**	(117,225)

Key management compensation, comprising remuneration of the Directors, was:

	2021 £'000	2020 £'000
Salaries, fees and short-term employee benefits	**969**	982
Social security costs	**63**	54
Share option charges	**58**	(5)
	1,090	1,031

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

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 exceptional items. Exceptional items are defined below. 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 when applicable.

Underlying operating margin % is underlying operating profit divided by total revenue.

Exceptional items are income or costs that are both material and non-recurring.

Underlying profit before tax is defined as profit before tax excluding exceptional items. When applicable, a reconciliation of profit before tax to underlying profit before tax is shown in note 6.

Underlying profit after tax is defined as profit after tax before exceptional items, net of any related tax charges. When applicable, a reconciliation of profit before tax to underlying profit after tax is shown in note 6.

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. When applicable, the calculation of underlying EPS is shown in note 6.

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 33):

	2021 $m	2020 $m
Net movement in cash and cash equivalents	**1.87**	(1.54)
Add back: Dividends paid to Shareholders	**4.13**	–
Less: Exchange (losses)/gains on cash and cash equivalents	**(0.05)**	0.17
Free cash flow	**5.95**	(1.37)

Cash conversion is defined as the percentage of underlying operating cash flow to underlying operating profit and is provided as a measure of the efficiency of the Group's business model (pages 18 and 19) 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, less capital expenditure. This reflects the cash flow directly from the ongoing business operations. This is reconciled to IFRS measures as follows:

	2021 $m	2020 $m
Cash generated from operations	**18.25**	3.18
Add back: Contributions to defined benefit pension scheme	**4.59**	13.28
Less: Purchases of property, plant and equipment and intangible assets	**(3.47)**	(3.82)
Add back: Gain on disposal of property, plant and equipment	**–**	0.08
Underlying operating cash flow	**19.37**	12.72

FIVE YEAR FINANCIAL RECORD

Income statement

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Revenue	**787,322**	560,040	860,844	738,418	627,518
Underlying* operating profit	**30,646**	3,972	53,620	45,043	41,738
Exceptional items	**–**	–	–	(721)	(454)
Operating profit	**30,646**	3,972	53,620	44,322	41,284
Finance income	**33**	168	818	250	3
Finance costs	**(435)**	(193)	(67)	(23)	(125)
Net pension finance charge	**(15)**	(104)	(378)	(403)	(503)
Profit before tax	**30,229**	3,843	53,993	44,146	40,659
Taxation	**(7,643)**	(753)	(11,276)	(8,952)	(11,734)
Profit for the period	**22,586**	3,090	42,717	35,194	28,925

* Underlying has been restated to include defined benefit pension charges in 2017 to 2020 and share option charges in 2017.

Basic earnings per ordinary share	**80.46c**	11.03c	152.42c	125.61c	103.15c
Dividend per share – paid and proposed	**45.00c**	–	25.00c	70.00c	118.10c

Balance sheet

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Non-current assets (excluding deferred tax and retirement benefit asset)	**37,437**	38,997	27,506	20,096	19,967
Deferred tax assets	**600**	4,272	4,338	5,636	5,912
Net current assets	**54,744**	38,694	44,792	33,482	35,083
Retirement benefit asset/(obligation)	**1,974**	(3,310)	(12,305)	(15,016)	(18,106)
Other liabilities (including lease liabilities)	**(11,789)**	(13,282)	(1,383)	(931)	(763)
Shareholders' equity	**82,966**	65,371	62,948	43,267	42,093
Net cash	**41,589**	39,766	41,136	27,484	30,767

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