4imprint Group plc

Annual Report & Accounts 2022

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 momentum; strategic revenue target of $1bn surpassed and profit before tax exceeded $100m
- 1,860,000 total orders processed in 2022 (2021: 1,429,000); 307,000 new customers acquired in the year (2021: 263,000)
- Brand investment driving a step change in the productivity of the overall marketing mix
- Very strong financial position, with cash and bank deposits of $86.8m; no debt
- Special dividend proposed of 200.00c per share
- Good progress on ESG, including completion of the $2m solar array project at the Oshkosh distribution centre

Financial overview

REVENUE
$1,140.29m
+45%
2021: $787.32m

OPERATING PROFIT
$102.90m
+236%
2021: $30.65m

PROFIT BEFORE TAX
$103.71m
+243%
2021: $30.23m

BASIC EPS
285.57c
+255%
2021: 80.46c

CASH AND BANK DEPOSITS
$86.75m
+109%
2021: $41.59m

TOTAL PAID AND PROPOSED DIVIDEND PER SHARE
160.00c
+256%
2021: 45.00c

TOTAL PAID AND PROPOSED DIVIDEND PER SHARE
132.24p
+291%
2021: 33.82p

PROPOSED SPECIAL DIVIDEND PER SHARE
200.00c

PROPOSED SPECIAL DIVIDEND PER SHARE
165.38p

AT A GLANCE

Record breaking organic revenue growth

We are a direct marketer of promotional products with operations in North America, the UK and Ireland. After two years of pandemic-affected trading, in 2022 the Group demonstrated its recovery with record financial results.

Revenue exceeded our long-held strategic target of $1bn and delivered record profit before tax of more than $100m in the year.

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 objective is to deliver market-beating organic revenue growth by expanding our share in the still fragmented markets in which we operate. We aim to establish 4imprint as 'the' leading promotional products brand within our target audience through sustained investment in an evolving marketing portfolio.

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

$1,120.5m

98%

EMPLOYEES

1,367

December 2022

UK & IRELAND

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

REVENUE

$19.8m

2%

EMPLOYEES

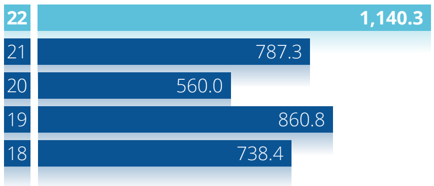
45

December 2022

Five year growth

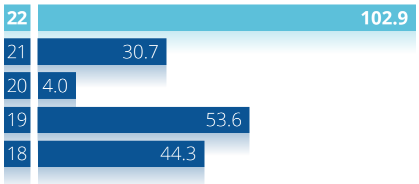
REVENUE ($m)

$1,140.3m



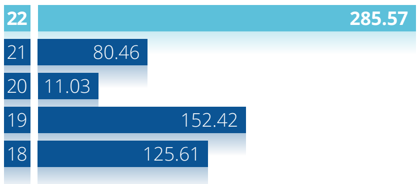
OPERATING PROFIT ($m)

$102.9m



BASIC EARNINGS PER SHARE (c)

285.57c



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

Clarity of strategic direction

Overview

2022 was an outstanding year for 4imprint. Two major financial milestones were achieved:

- We surpassed our strategic revenue target of $1bn; and
- For the first time in the Group's history, profit before tax exceeded $100m.

Underpinning the numbers, 2022 was characterised by the resilience and scalability of our direct marketing business model and, above all, by the extraordinary dedication and tenacity of our people in providing the best possible service to our customers in the face of unprecedented growth in demand.

Financial performance

After a relatively quiet first quarter, strong trading momentum was evident in the Group's financial performance for the remainder of the year, prompting several unscheduled positive market updates.

Enhanced productivity from our marketing activities, relative stability in gross margins and operational leverage over fixed and semi-fixed elements of the cost base joined together to produce a powerful combination of growth, profitability and cash generation for the year.

Group revenue for 2022 was $1.14bn, an increase of $353.0m or 45% over 2021. Profit before tax for the year was $103.7m (2021: $30.2m), resulting in basic earnings per share of 285.57c, (2021: 80.46c). The Group ended 2022 in a strong financial position, with cash and bank deposits of $86.8m (2021: $41.6m).

Strategic direction

The Group's progress in 2022 is a direct consequence of both the clarity of our strategic direction and our deep-seated cultural commitment to 'doing the right thing' for all stakeholders. In particular, we took a long-term view of the business and its prospects throughout the pandemic-affected years of 2020 and 2021. Notably:

- We did not deviate from our commitment to our people. They are the cornerstone of the 4imprint culture and are essential to producing such impressive financial results.
- We continued to develop and invest in the increasingly important brand component of our marketing programme. This sustained strategic commitment has given us the flexibility we anticipated and is clearly having a beneficial impact on the efficiency of our marketing mix.

The Board recognises that adding more than $350m of organic revenue in 2022 was an outstanding achievement, particularly after a two-year period marked by the significant adverse impact of the pandemic. As such, following on from its annual strategic review in Oshkosh in early November 2022, the Board has approved significant incremental investment in the business in 2023, primarily in people, in order to consolidate gains already made and to drive future profitable revenue growth.

In this context, the Board remains committed to the Group's strategy and business model as well as confident in the strength of its competitive position.

ESG

There have been several important developments in 2022 in support of the Group's ESG objectives. We were re-certified as a *CarbonNeutral®* company by Climate Impact Partners, and the team has worked on several additional energy reduction initiatives, most notably the installation of a 2,660 panel solar array at the Oshkosh distribution centre. In addition, there has been significant progress in expanding and developing Better Choices™, our sustainable product initiative.

Dividend

The Group enters 2023 in a very strong financial position, with cash and bank deposits of $86.8m. In view of the Group's financial performance in 2022 and its likely cash requirements in 2023, the Board recommends a final dividend per share of 120.00c (2021: 30.00c), giving a total paid and proposed 2022 regular dividend per share of 160.00c (2021: 45.00c).

In addition, and consistent with both the Group's capital allocation framework and its balance sheet funding guidelines, the Board is pleased to recommend an additional, special dividend per share of 200.00c (2021: 0.00c), to be paid in June 2023 alongside the 2022 final dividend.

"2022 was an outstanding year for 4imprint."

Outlook

Following an extremely strong trading performance in 2022, we enter the 2023 financial year with momentum and confidence. Trading results in the first few weeks of 2023 have been encouraging.

PAUL MOODY
CHAIRMAN
14 March 2023

CHIEF EXECUTIVE'S REVIEW

A remarkable year for 4imprint

Performance overview

2022 was a remarkable year for 4imprint. Guided by a clear strategic plan and driven by the tremendous efforts of our teammates and supplier partners, we have emerged from the pandemic stronger than we entered it, generating record levels of revenue and profitability, increased market share and excellent progress on several important initiatives.

The first quarter of 2022 was broadly in line with our initial expectation to deliver another solid step forward in the recovery of the business after two years that were badly affected by the pandemic. Total orders received in the first quarter were up a respectable 7% when measured against 2019, the last 'normal' comparative. However, from the start of the second quarter through to the end of 2022 the trading performance of the Group improved markedly. Total orders in that period were up over the same 2019 comparative by an aggregate of 20%.

Comparisons to the prior year are equally impressive. In total, 1,860,000 orders were processed in 2022, representing an increase of 30% over 2021. Importantly, the proportion of new customers acquired has been very encouraging. In 2022 we acquired 307,000 new customers, a 17% increase over the 263,000 acquired in the prior year.

Revenue	2022 $m	2021 $m	Change
North America	**1,120.52**	773.71	+45%
UK & Ireland	**19.77**	13.61	+45%
Total	**1,140.29**	787.32	+45%

Operating profit	2022 $m	2021 $m	Change
Direct Marketing operations	**107.91**	34.54	+212%
Head Office costs	**(5.01)**	(3.89)	+29%
Total	**102.90**	30.65	+236%

The recovery in new customer acquisition in both 2021 and 2022 drove robust existing customer order counts which had previously been hindered by the sharp decrease in customer acquisition activity during the worst of the pandemic in 2020. It is reassuring that customers acquired during the pandemic/recovery timeframe have demonstrated typical or even slightly improved retention characteristics, indicating that they are squarely within our target profile.

Average order values in 2022 were 5% above prior year, the result of changes in the merchandising mix as well as general inflationary price adjustments through the year. This led to a total increase at the demand revenue (value of orders received) level of 36% over 2021.

These very strong demand numbers translated into significant gains in year-on-year financial performance.

- Group revenue for 2022 was $1.14bn, representing an increase of 45% or $353.0m over 2021. It should be noted that 2022 revenue was boosted by a timing effect of around $30m related to an unusually high order backlog at the 2021 year-end. This was caused by global and local supply chain issues delaying orders in process. As anticipated, this situation largely unwound to the benefit of 2022 reported revenue as the supply situation improved and orders were completed.
- In terms of profitability, the Group delivered a step change in results. Operating profit for 2022 of $102.90m was 236% above the 2021 comparative of $30.65m. Clearly, the revenue volume growth outlined above was a key factor in driving this very favourable profitability dynamic, but the effect was amplified by: (i) gross margins remaining broadly stable in an inflationary environment; (ii) significant gains in the productivity of our marketing investment; and (iii) operational gearing over the fixed and semi-fixed elements of the cost base.
- The 4imprint direct marketing business model remains very cash generative, with free cash flow in the year of $63.88m (2021: $5.95m) leading to cash and bank deposits at the 2022 year-end of $86.8m (2021: $41.6m).

We are convinced that the strength of the Group's financial performance in 2022 is a direct result of our strategic commitment to keep investing in the business even during a severe economic downturn. We know that this continued investment, primarily in people and marketing, forms the foundation necessary to take advantage of the significant market share opportunity that lies ahead.

Operational highlights

Beyond the financial performance, much progress was made on operational initiatives, all set in the context of the stresses and strains on the organisation from delivering more than $350m of incremental organic revenue growth in a short space of time.

- **People.** Our people are crucial to our current and future success. This was clearly demonstrated in the context of the very strong demand levels seen in the business from the second quarter of 2022 onwards. Our team members across the entire business were willing to go above and beyond to deliver the best possible customer service in the face of record order intake volumes and an improving but still challenging supply chain. We have invested in remuneration and benefit initiatives in the year, including the full restoration of quarterly payouts under our quarterly 'gainshare' and other leadership bonus plans that had been paused during the pandemic. In addition, in September 2022 we paid a special 'one-off' bonus of $1,000 or local equivalent to all team members in recognition of extraordinary effort and an attitude of mind that so clearly reflects 4imprint's culture and values. So far we have been successful in attracting, recruiting and training the additional team members that we need to service our further growth aspirations.

CHIEF EXECUTIVE'S REVIEW CONTINUED

- **Marketing.** Our commitment to staying in front of our customers during an economic downturn was validated as the pandemic receded. The strategic evolution of our marketing mix in recent years to include and increasingly invest in a brand awareness element was accelerated and we have used the improved flexibility this new mix offers to take full advantage of the immediate market share opportunity, at the same time as strengthening the business for the long term. The success of this approach to managing our marketing budget in 2022 was reflected in large part in our revenue per marketing dollar KPI in the year of $8.86, an increase of 44% over prior year (2021: $6.17).
- **Supply.** As anticipated, the supply chain constraints seen in 2021 continued into the first half of 2022. The deep relationships that we have with our key tier 1 suppliers again proved to be invaluable in dealing with these situations, with the effect that the logistics, inventory and production labour pressures eased considerably in the second half of the year. In common with most businesses, we experienced significant inflationary pressure on cost of product during the year. Whilst we implemented carefully considered price increases to help address these increasing costs, we continued to approach pricing thoughtfully so as to remain very well positioned in the market, supporting the strong customer acquisition and retention numbers described above.
- **Screen-printing.** In April 2022 we completed the purchase of the business and assets of a small, nearby apparel screen-printing business that had been a long-standing and valued supplier. The assets, but more importantly the expertise acquired will provide the seed from which we can expand our apparel decorating capabilities and capacity in support of the continued growth of this category. In terms of strategic rationale, the parallel is the substantial in-house embroidery operation, built from small beginnings, that has underpinned our significant growth in this important category.

ESG

Even as the team worked incredibly hard to manage the swift and sharp recovery, excellent progress was made on our ESG agenda in 2022.

- We maintained and renewed our *CarbonNeutral®* business certification.
- The team has worked on further energy and waste reduction initiatives, with the ultimate goal of moving towards clean energy initiatives and reducing reliance on carbon offset products.
- A 2,660 panel solar array was installed and became operational in the year at the Oshkosh distribution centre.
- There has been exciting progress in expanding and developing our Better Choices™ sustainable products range.

Looking ahead

We are proud of what our business has achieved in 2022. Our strategy is clear, our business model is flexible and scalable and we see opportunities to take more share in the markets in which we operate.

"Our strategy is clear, our business model is flexible and scalable and we see opportunities to take more share in the markets in which we operate."

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 set challenging organic revenue targets linked directly to the Group's strategy

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**
- **Basic earnings per share**
- **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**

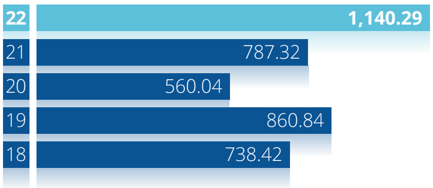
KPIs (SEE PAGES 12 AND 13)

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

KEY PERFORMANCE INDICATORS

REVENUE GROWTH ($m)

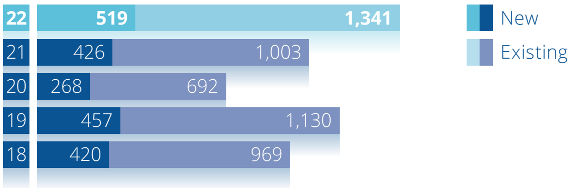
$1,140.29m +45%



Organic revenue growth has been particularly strong in 2022. The year-on-year growth of 45% benefitted from enhanced marketing productivity and improved supply chain conditions. This is a key measure of progress towards our strategic objectives.

NUMBER OF ORDERS RECEIVED (000s)

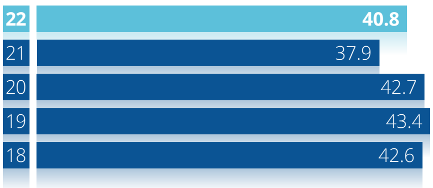
1,860 +30%



Orders received (demand) statistics are collated on a daily, weekly and monthly basis to evaluate performance against 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 (%)

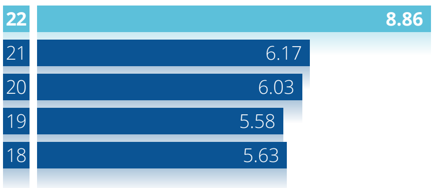
40.8%



The 24-month customer retention rate offers visibility as to the broad stability and strength of the customer file. The 2022 results highlight continuing post-pandemic recovery driven by encouraging new customer acquisition in 2021 and 2022. The 24-month customer retention rate is expected to be fully recovered in 2023.

REVENUE PER MARKETING DOLLAR ($)

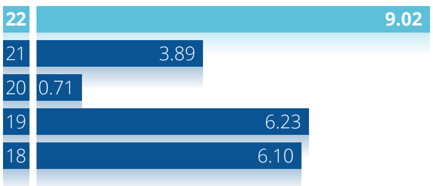
$8.86



Revenue per marketing dollar gives a measure of the productivity of our investment in marketing. 2022 saw a step change in marketing productivity driven by investment in the brand element of the marketing mix, and the commitment to stay in front of our customers during the pandemic.

OPERATING MARGIN (%)

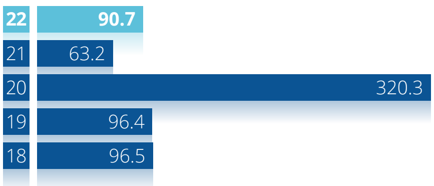
9.02%



Operating margin percentage shows the profitability of the Group's trading operations. The 2022 result exceeds margins achieved in the pre-pandemic years. This significant increase in profitability has been driven by favourable demand, productive marketing spend and general operational gearing.

CASH CONVERSION (%)

90.7%



Cash conversion measures the efficiency of the 4imprint business model in the conversion of operating profits into operating cash flow. 2022 saw a return to more typical cash conversion patterns after the pandemic disruption and supply chain challenges around the 2021 year-end.

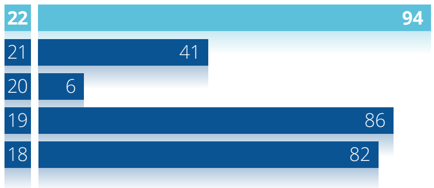
CASH AND BANK DEPOSITS ($m)

$86.75m

Our balance sheet funding guidelines call for the business to aim for a target 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. The 2022 cash balance remains healthy.

RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE) (%)

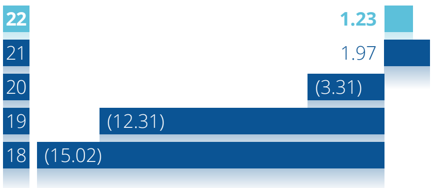
94%



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 has recovered closer to historical levels with the significant improvement in profitability.

PENSION ASSET/(DEFICIT) ($m)

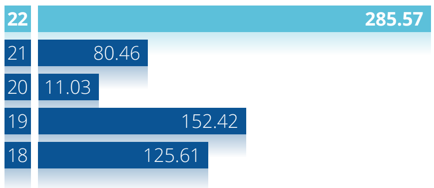
$1.23m



This KPI demonstrates the substantial efforts made in recent years in the de-risking of the Group's legacy defined benefit pension plan. We are on target for our aim of full buyout of the plan, with a target date of mid-2024.

BASIC EARNINGS PER SHARE (EPS) (c)

285.57c

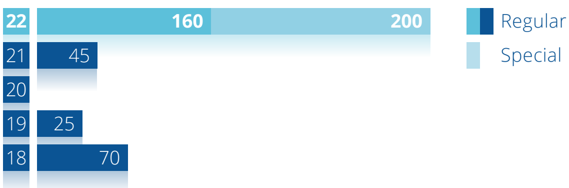


EPS growth over time gives a clear indication of the financial health of the business and is a key component of the delivery of Shareholder value. The 255% increase in EPS in 2022 shows the outstanding recovery since the pandemic and the year's strong improvement in profitability.

DIVIDENDS PER SHARE (DPS) (c)

160c 200c

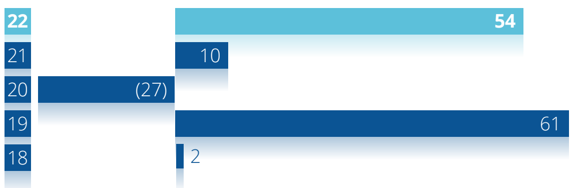
REGULAR **SPECIAL**



DPS provides a tangible measure of the delivery of Shareholder value. The 2022 regular dividend is in line with the Board's guidelines to increase the regular dividend payment broadly in line with EPS growth. In addition, a special dividend of 200c has been proposed in line with the Group's capital allocation guidelines.

TOTAL SHAREHOLDER RETURN (TSR) (% in year)

54%



Our aim is to deliver consistent performance and attractive TSR. The improved TSR for 2022 highlights the post pandemic recovery, reflecting a great trading year. This emphasises the recovery in the share price and increases in dividend payments.

MARKET POSITION

Establishing a leadership position in the markets we serve

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

A fundamental strategic objective for 4imprint is to establish and maintain a leadership position in the markets we serve. We aim to establish 4imprint as **'the'** recognised brand for promotional products, driving our organic revenue growth profile to significantly outpace the overall growth rate of the promotional products industry as a whole.

4imprint is one of the largest distributors in the North American promotional products industry. The leading trade bodies, PPAI and ASI, consistently place 4imprint near the top of their annual 'Top 40' distributor rankings. The ASI annual rankings by revenue for the 2021 financial year show that 4imprint was the third largest distributor in North America, with revenue of $774m, (2020: $550m). 2022 revenue increased significantly to $1.12bn, reflecting a very strong recovery from the negative effect of the pandemic on the 2020 and 2021 results. We expect to place favourably in the 2022 rankings, however we do not expect this information to be available until after the date of this report. Our UK business is much smaller, with annual revenue in 2022 of £16m ($20m), but it ranks consistently in that market's top five distributors according to industry sources.

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, complimentary 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.

Whether raising awareness, sponsoring events, acquiring customers, recruiting new employees or supporting good causes, our customers know that promotional products from 4imprint will ensure that their name – and brand – look 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 over the pandemic period, however the US and Canadian promotional products markets together in 2022 are estimated to total around $25bn 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 2022 to be around £1.1bn ($1.4bn), almost fully recovered from the 2019 estimate of £1.2bn ($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 with 25 or more employees and $1m or more in annual revenue. 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. Categories range from inexpensive items such as pens, bags and drinkware to higher value items such as embroidered apparel, technology and full-size trade show displays. Our aim is to enable 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 2022 sales volume in the North American business are set out below. Movements from the 2021 and 2019 comparatives are provided to illustrate the different impacts and recovery trends as the pandemic has receded.

Supergroup 2022	2022 Rank	+/- vs. 2021	+/- vs. 2019
Apparel	1	+34%	+57%
Bags	2	+41%	+31%
Drinkware	3	+41%	+40%
Writing	4	+46%	+3%
Stationery	5	+53%	+22%
Outdoor & Leisure	6	+37%	+49%
Trade Show	7	+67%	+17%
Auto, Home & Tools	8	+43%	+24%
Technology	9	+37%	-20%
Wellness & Safety	10	-8%	+36%

Product trends

In recent years we have seen increases in the average unit price of the products that we sell. As a general observation, this reflects a shift towards products with more utility, longevity and higher perceived value for the recipient, together with a trend away from lower priced 'giveaway' products. Well-known consumer brands have driven part of this effect, representing 15% of overall sales in 2022. The Drinkware, Bags and Apparel categories in particular are well represented with branded promotional merchandise.

Apparel has been a large and dynamically growing category for several years, as demonstrated by the 57% increase in sales volume compared to 2019. The growth of the apparel category has been facilitated by our substantial in-house embroidery operation in Oshkosh, and most recently by investment in direct to garment and screen print capabilities.

Wellness & Safety sales volume declined against 2021, caused principally by a fall in demand for logoed face masks from a peak of $19m in the pandemic year of 2020 to $2m in 2022. Interest for hand sanitiser, particularly in smaller sizes for individual distribution continues to run at a favourable level compared to 2019.

The Technology category encompasses a range of products from less expensive simple items such as mousepads to higher end electronic and branded items such as Skullcandy® Bluetooth® headphones. As demand continues to fluctuate broadly in line with consumer trends, we have seen a significant decline in 'tech' accessories such as phone wallets and power banks, both of which were very popular pre-pandemic in 2018-2019. Meanwhile, categories such as wireless chargers, Bluetooth® speakers, and wireless earbuds/headphones are showing healthy growth.

It is unsurprising that the Trade Show category has been particularly volatile over the pandemic period, when lockdowns and travel restrictions meant the cancellation or postponement of most gatherings or 'in-person' events. A strong recovery has taken place starting in late 2021 and throughout 2022, with sales volumes now exceeding 2019 levels.

Writing remains a mature category, with 2022 sales volumes only 3% higher than in 2019.

Better Choices™

Our customers have always balanced many factors when researching and selecting promotional products, including brand and identity, budget, event dates, as well as artwork and logo requirements. Increasingly, environmental aspects regarding the sustainability of materials, as well as social concerns such as workplace culture/conditions are an important part of the product decision matrix. These considerations are expected to grow in importance over the coming years.

Our Better Choices™ initiative, launched in the first quarter of 2022, provides an easily accessible framework to enable customers to find their perfect product. Whether they are beginning the sustainability journey or are well down the path, many of our customers share a desire to make choices that lead to a better future. Better Choices™ allows customers to easily filter the 4imprint range of promotional products to find the best match for the values of their organisation and their brand. Each Better Choices™ designation is rigorously researched and is supported by third party certification programmes and other supplier provided information under the broad headings of *Better Materials* and *Better Workplaces*.

More information on the Better Choices™ programme can be found in the Sustainability section on page 33.

4imprint 'Own Label' brands

For several years we have developed and continue to evolve a stable of 'in-house' brands, exclusive to 4imprint. These products are designed to fill gaps in certain product categories and have in many cases grown to occupy top selling spots in their respective categories.

Crossland®

Crossland® is our 'outdoor' brand, including fleece jackets, blankets, 'beanie' hats, vacuum mugs, backpacks and coolers. 2022 sales of Crossland® products amounted to $23.9m, an increase of 70% over 2019.

Refresh®

Refresh® was launched in 2017, initially concentrating on a core line of affordable water bottles in a variety of designs and colours, expanding to include tumblers, travel mugs and various other metal drinkware items. 2022 sales of $11.1m were 164% above the 2019 comparative.

Taskright®

Taskright® was launched in 2020, expanding to a sales value of $6.7m in 2022. The brand is set up around a line of everyday stationery products, including sticky notes, notepads and pencils.

As well as offering the potential of above average growth in sales volumes, the control that we have over the development of our 'Own Label' products presents us with a great opportunity to drive change at a meaningful level, specifically in terms of transitioning many of these products to include sustainable attributes and thereby dovetail with our Better Choices™ initiative. By way of example:

Better Materials and 'Own Label'

- **Crossland®** garments: fleece jackets transitioning into recycled polyester in the fourth quarter of 2022 and into 2023. Crossland® items that have transitioned or are in the process of transitioning already represent 30% of brand sales.
- **Refresh®** entry level range #1 polyethylene terephthalate (PET) bottles were transitioned to recycled materials for all coloured options, representing 27% of brand revenue.
- **Taskright®**. Sourcing for paper (and wood) based products is being transitioned to Forestry Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI) certified sourced materials in 2023.

Better Workplaces and 'Own Label'

- We pay particularly close attention to supplier selection as it pertains to our 'Own Label' brands. Our supplier of garments under the Crossland® brand has been an Accredited Participating Company of the Fair Labor Association for over 10 years. An additional supplier of drinkware, bags and stationery was approved by the Fair Labor Association to start their journey to accreditation in 2022. Together they represent 75% of private label brand revenue.

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 through the 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™

'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

3

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 PAGE 24

Community

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

SEE PAGES 23 AND 24

Pension Plan Trustee and members

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

SEE PAGE 36

Details of engagement with stakeholders are on pages 50 to 53, covering the Directors' duties under section 172 (1) Companies Act 2006.

SUSTAINABILITY

An authentic 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.

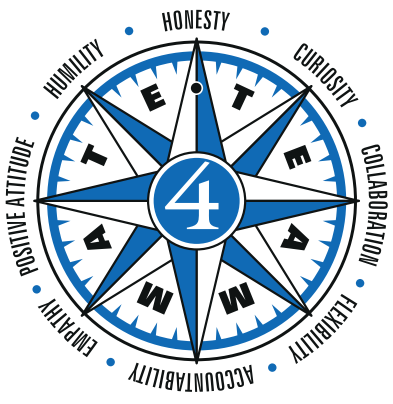
Our sustainability agenda focuses on four pillars, each one built on robust and ethical business practices:

- **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. Their extraordinary commitment during the pandemic and subsequently through the stress of the very strong demand levels seen in the business from the second quarter of 2022 onwards reflects an attitude of mind firmly grounded in 4imprint's culture and values.

We have not deviated from our first priority – an overriding commitment to the health, safety and wellbeing of all of our people. This approach enables us not only to retain existing team members to take care of record demand activity, but to enhance 4imprint's reputation in our communities, thereby allowing us to attract new talent in tight labour markets.

Communication and participation

A good proportion of office-based team members are now working from home on a permanent or hybrid basis. One implication of this is that the previous 'in-person' quarterly updates on business objectives are no longer practicable. These quarterly meetings have therefore been replaced by 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 information about the performance of the business and payouts under quarterly incentive remuneration plans as well as providing context around important topics such as work from home protocols.

Compensation and benefits

In 2022 we undertook a full evaluation of pay rates across the business. Average increases of between 6% to 9% were awarded depending on job function and hourly or salaried status.

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 2022 the 'gain share' payouts were at record levels in line with the record performance of the business in the year. Quarterly 'leadership' bonuses were also paid to managers and other key contributors. In addition, in September 2022 we paid a 'one-off' bonus of $1,000 or local equivalent to all team members in recognition of their extraordinary efforts at a crucial time for 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 taken the opportunity to strengthen our benefits offering as appropriate.

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

SUSTAINABILITY CONTINUED

Training and development

We have always believed in the value and benefits of personal and professional development. In the wake of the pandemic, many of our classes, seminars and training sessions take place online. Clearly this remote participation is the most convenient and efficient method for the contingent who are working from home. Our training team ensures that the online course curriculum continues to evolve along with the business.

Diversity has been an important focus for the training team. This has included mandatory classes addressing issues of social prejudice, racism, harassment, and exclusion in the workplace. We have received good feedback from team members on topics such as inclusion, empathy, and collaboration, which are key elements in our work culture.

Other training initiatives include topics such as financial literacy, leadership, safety and particularly an increasing focus on cyber security.

We encourage our team members to live healthy lives, and this focus on wellness aims to make healthy living easy and convenient. We provide 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.

Our training programmes will continue to be offered online and in webinar format, and we will include ‘in-person’ sessions as appropriate. For example, the initial new starter Customer Service Representative training classes have reverted to being held on-site in Oshkosh.

Diversity, Equity and Inclusion (DEI)

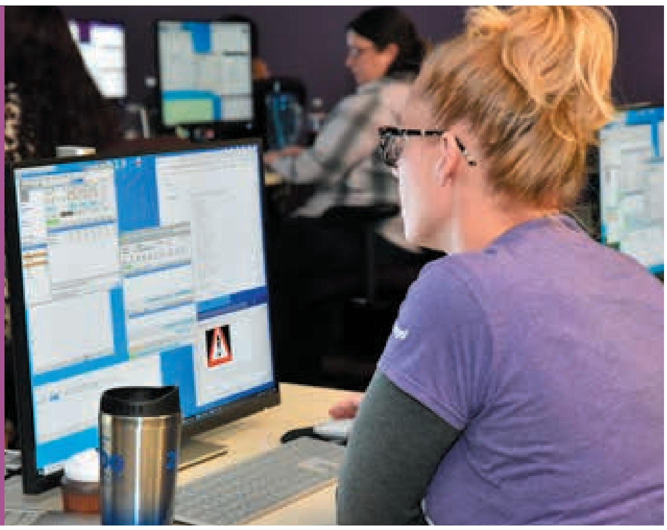
We have a clear approach to DEI that is directly in accordance with the culture and values that 4imprint has cultivated over a period of many years. The Group’s DEI principles can be found on our IR website at https://investors.4imprint.com.

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.

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, 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.

Good progress has been made on DEI in 2022. Priorities have been: seeking a wider pool of applicants for available jobs; reworking job descriptions to eliminate barriers and unconscious bias in the recruitment process; and expanding our training offering to address these topics.

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.

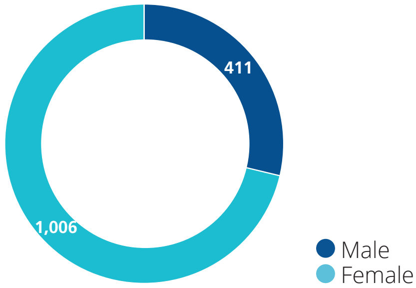


Customer service training class in progress

Gender representation

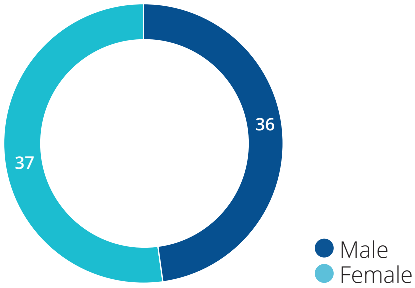
TOTAL HEADCOUNT

Permanent and temporary employees



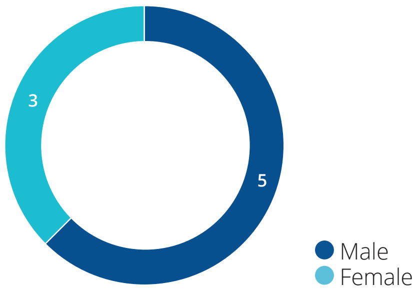
MANAGEMENT

Employees who operate at a senior level in the Group



BOARD

4imprint Group plc Board members



At 31 December 2022 the Group employed a total of 1,417 team members, split between female (1,006, or 71%) and male (411, or 29%).

In relation to gender diversity, in November 2022 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 senior management and their direct reports.

The data showed:

- The gender diversity of the Board of 4imprint Group plc was constant during the year, with 37.5% female representation.
- 4imprint Group plc was in the top ten best performers in the FTSE 250 for female representation in the combined executive committee and direct reports category, with females comprising 51% of that group.

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-19/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

4imprint is a strong supporter of community involvement. The health of our business is dependent on our loyal customers and above all on our dedicated teammates. One of the ways we show our appreciation to them is through supporting causes close to their hearts and their communities – no matter where they are located. We support the wellbeing of communities and causes in the best ways we know how: by sharing our time and talents and through the power of promotional products to make a difference.

Community involvement and volunteering

Being visible and lending a hand in the community is best accomplished through our team members volunteering for their favourite causes. Not only is this simply the right thing to do; it also highlights 4imprint as a preferred employer, strengthening our profile in the community and attracting potential new team members as our footprint continues to expand.

As pandemic restrictions were gradually lifted, 2022 provided an 'almost back to normal' opportunity to return to pre-pandemic levels of community involvement. Each 4imprint associate receives eight hours of paid time off (PTO) per year for volunteering at nonprofit organisations, schools or other causes that are meaningful to them. In 2022, 269 associates participated in 326 volunteering events across 162 organisations, logging over 1,700 paid volunteer hours. In addition to causes selected by our team members, we seek out (and often organise) additional volunteer opportunities to encourage more of our people to give back.

In 2022, some of those opportunities included:

- Annual clean-up at Heckrodt Wetland Reserve – participants planted trees, shrubs and plants in addition to removing invasive species.
- Assembling several light displays for the local Celebration of Lights, a holiday event to raise money for food banks in the community.
- Providing warm caps, lip balm and notepads/pens to the Police Lights of Christmas. Team members also helped pack snack bags that would be handed out to those in need.
- Offering 'mystery missions' where team members travel to a surprise location to volunteer via a partnership with the Volunteer Fox Cities organisation.
- Stock the Hope Fridge – our volunteers worked together to collect funds, grocery shop, prepare and deliver premade meals to the local Hope Fridge, a resource for those in the community facing food insecurity.
- Cards 4 Compassion/Crafternoon – teammates created 350 holiday cards in one afternoon. This event is about brightening someone's day.
- Annual Christmas tree decorating at Simeanna – associates decorated several Christmas trees at a local retirement home.
- Oshkosh Saturday Farmers Market – 4imprint provided bag giveaways and other promotional products at the summer and winter farmers markets. This provided an opportunity for 4imprint people to chat with community members and discuss hiring opportunities.
- Fleece to mittens – volunteers converted unusable apparel into hats and mittens for local children in need.
- Feed the body, Feed the Soul – an event where volunteers package rice meals for the needy.
- Wisconsin 'Curd' night – area basketball team theme night to collect non-perishable food.
- Events with the Boys and Girls Club – a safe place with a mission to improve the lives of children.
- 'Rock the Block' with Habitat for Humanity® – volunteers repair homes in low-income neighbourhoods.

These opportunities may individually seem small, but they are highlighted here to give a feel for the level and depth of our volunteer outreach which aligns directly with 4imprint's culture and values.

Annual clean-up at Heckrodt Wetland Reserve

SUSTAINABILITY CONTINUED

Sponsorship

4imprint also supports the local community through sponsorships. In 2022, we sponsored approximately 150 organisations, totalling $240,000 in support.

Some local sponsorships include:

- Wisconsin Herd G-League basketball.
- N.E.W. Pride Alive (LGBTQ event).
- Discover Oshkosh (rebranding initiative supporting local businesses/tourism).
- Waterfest (local concert series).
- Women's Leadership Conference.
- Golf 4 Wishes through the Make-A-Wish® Foundation.
- 4imprint employee's children's sports teams and 'meaningful to me' causes.

Community involvement: Golf 4 Wishes outing

Charitable giving

one by *one*®

4imprint's *one* by *one*® charitable giving programme allows nonprofit organisations throughout the United States, Canada and the UK to apply for a $500 grant toward a promotional product order. This programme fully embodies 4imprint's culture, values and principles.

At inception, the programme awarded one grant each business day. Since then, our business has grown significantly, and so has our *one* by *one*® programme. We now average close to ten grants per business day, putting us on the way towards our goal of awarding a grant to every certified nonprofit that applies. In 2022, 4imprint awarded over 2,500 grants for a value of $1,250,000.

We also donated over 1,350 items of product from inventory to *one* by *one*® applicants, businesses, team members, troops and customers doing fundraising, plus many benefits and charitable contributions not only in the United States and Canada, but also in other countries. Over 700,000 pieces were shipped through donation inventory and more than 50 pallets of additional donations were distributed to deserving nonprofits.

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 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 https://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.

The monitoring and development of our supply chain (tiers 1 & 2) continues to form an important part of our business. The aftermath of the pandemic 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 2022. 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, form 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 48 and 49 of the Strategic Report.

The Board was able to hold its annual strategy review 'in-person' in Oshkosh in early November 2022. Environmental matters were discussed and the Board members were particularly pleased to see at first hand the progress made on several initiatives, including the investment in the solar array installation at the Oshkosh distribution centre.

The Board has an agreed Environmental Principles Statement which is available at https://investors.4imprint.com. In addition, as a Non-Executive Director, Jaz Rabadia brings specific environmental and sustainability expertise to the Board.

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 Committee continued to meet monthly throughout 2022, and reported 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.

Climate change

In the context of the Group's operations and activities, the Group Environmental Committee's assessment remains that climate change mitigation is the most immediate and material way for 4imprint to make a difference.

Our initial target was to be certified as a carbon neutral business no later than December 2022. We chose to work with Climate Impact Partners (formerly Natural Capital Partners) in accordance with their *CarbonNeutral*® protocol covering 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.

In conjunction with our carbon neutrality ambition, we also set out our aspiration to reach our target through prioritising a combination of in-house efficiency measures, renewable energy projects and external emissions reduction initiatives, supplemented only as needed by other effective environmental stewardship tools.

We are proud that 4imprint achieved *CarbonNeutral*® company status in October 2021, more than a year ahead of the target date. This certification was renewed on 30 September 2022.

CERTIFIED CARBON NEUTRAL® company
CarbonNeutral.com

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

- Completion of a major capital investment project in the form of a 2,660 panel ground-mounted solar array at our distribution centre in Oshkosh, at a total project cost of around $2m. The project began generating electricity in September 2022 and became fully operational in December 2022. The array is expected to generate around 1,400 megawatt-hours of energy annually, (enough to power more than 40% of current distribution centre 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.
- Participation 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.
- Enrolment in the WPS (local utility in Wisconsin) NatureWise renewable energy programme. This initiative aims to reduce our reliance on fossil fuels by providing energy produced from a blend of renewable energy sources including local wind source energy and biogas from an agricultural waste digester. 4imprint's commitment makes it a Champion Level NatureWise partner.
- Rollout of LED lighting to our office in Manchester, UK.

In consultation with Climate Impact 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:

- Bondhu Chula Stoves, Bangladesh.
- Rivas Wind, Nicaragua.
- Albany Water Forestland, USA.

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 solar power project in 2022 is a major step in this direction, 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.

SUSTAINABILITY CONTINUED

Environmental strategy – scenario planning analysis

We engaged with the same firm of sustainability consultants who helped with our first year of TCFD reporting in 2021. The scenario analysis project aimed to assess the resilience of 4imprint's strategy across two bespoke warming scenarios, 2°C and 4°C, with qualitative scenario analysis identifying key risks and opportunities associated with each warming scenario and providing strategic outputs to inform our approach to climate, and sustainability more generally, in our corporate strategy.

The warming scenarios were constructed from internationally recognised warming and socio-economic cases, overlayed with sector and company-specific research. Key individuals from across the business participated in the project, selecting relevant climate-related risks and opportunities to score across time horizons and scenarios in order to assess the resilience of 4imprint's business model to both transitional and physical climate risks. The implications of the risks and opportunities were considered alongside current and aspirational mitigating activities.

Key headlines arising from the scenario analysis were:

Climate focus specific to 4imprint

- As an asset-light business serving a consumer-adjacent customer base, transition risks are likely to have the most material impact on 4imprint and its business. The principal transition risk for 4imprint relates to the development of our product range, which is likely to have a larger impact than flooding, storms and other severe weather events.
- This is explored in depth in the 2°C scenario. In this scenario there is a marked shift in patterns of consumption as the global economy, and the consumers within it, begin to prioritise sustainability in the products they buy, the materials they are produced from, and the companies that produce them. These are changes 4imprint has already begun to observe, and respond to, with the introduction of Better Choices™, amongst other environmental initiatives. The risks and opportunities this poses to 4imprint will continue to intensify as the global transition gathers pace.
- Given 4imprint's drop-ship model, it has relatively low exposure to physical risk in its direct operations. Instead, physical risk is likely to impact the business indirectly, through the supply chain and the ability to source products reliably and without significant price increases. As increased frequency of acute physical impacts, such as tropical storms and flash flooding, and chronic impacts, such as heat stress, put strain on global materials supply and supply chains, 4imprint will face increasing impact. These physical risks are explored in more detail in the 4°C scenario.

Other points of interest

1. **Climate change and the changing customer.** The way 4imprint's customers consume promotional products will continue to change. Sustainability is increasingly influencing buying decisions in the same way cost, colour or lead time would traditionally. The depth of this influence will vary between demographics, states or geographies and individuals, making it complex to respond to.
2. **Physical changes and an increasingly volatile supply chain.** 4imprint's supply chain will be affected by climate change. The impact of physical effects will increase as the severity and frequency of physical impacts increases. Small, infrequent disruptions will have little impact on the supply chain or material price and availability, but frequent, more intense events will become increasingly costly. 4imprint's strong relationship with suppliers and its drop-ship model will provide some resilience to supply chain impacts, as demonstrated during the pandemic, but in the long term, with many tier 1 suppliers in high-risk states such as Florida, the impacts will intensify.
3. **Continued resilience through the strength of the 4imprint brand.** 4imprint's brand and its strong relationship with its stakeholders will offer resilience to some of its major climate-related risks. If decreases in consumption reduce overall demand, brand strength will ensure a consistent market share. If supply chain disruption threatens material supply, strong supplier relationships will help secure supply. This is underpinned by 4imprint's commitment to continue to operate responsibly.
4. **Enabling informed decisions through sustainability transparency.** The transition to a low carbon economy poses significant opportunity for 4imprint, most notably in providing low carbon, sustainability-focused products. 4imprint can decide the extent to which it wishes to pursue this. Conscious that it is not coming from the background of being a sustainable product provider, 4imprint can assist its customers in making more informed decisions by providing accurate sustainability information and supply chain transparency on its products. This will also allow 4imprint to maintain its position as a market leader and remain ahead of potential product-focused sustainability legislation.

The combinations set out in the table below were used to explore scenarios with 2°C and 4°C warming.

	'Middle of the road' scenario	'Fossil-fuelled global growth' scenario
Description	Imperfect efforts to reduce emissions lead to moderate progress but exacerbate inequalities	Global collaboration focused on protecting the population from a changing climate (as opposed to reducing human-induced climate change)
Societal response	Proactive	Reactive
Basis (Pathways)	Socio-Economic Pathway 2 / Representative Concentration Pathway 3.4*	Socio-Economic Pathway 5 / Representative Concentration Pathway 8.5*
Temperature rise (2100)	2°C	4°C
Likelihood	High	Medium

* Widely recognised bases for the construction of qualitative warming scenarios.

Possible trends for 4imprint under the two scenarios are summarised below.

2°C 'Middle of the road' scenario

- National climate policy drives the US towards net zero and the regulatory scrutiny on environmental performance increases.
- Environmental credentials of products come under increasing scrutiny through extended regulation and consumer preference.
- Consumers increasingly demand more sustainable products, valuing fewer, higher-quality goods over mass consumption.
- To meet apparel demand, the market for man-made sustainable fibres continues to grow, providing a more sustainable alternative to traditional materials such as cotton.
- Attendance at events and conferences declines as emissions reduction efforts and carbon taxation disincentivise air travel.
- Increasing regulation and stakeholder pressure tightens the offset market, making reliance on offsets in corporate net zero commitments increasingly difficult and costly.
- As the scenario progresses and emissions begin to plateau, physical climate impacts are still felt, locked in from previous decades' emissions, and physical climate impacts from extreme weather, flooding, droughts and extreme heat begin to become more costly and disruptive to business and their supply chains.

4°C 'Fossil-fuelled global growth' scenario

- In the absence of national climate policy, the regulatory scrutiny on environmental performance and reporting declines.
- Little to no regulation is introduced to mandate the use of sustainable materials as consumption soars.
- Fossil-fuelled growth in developing nations expands the global middle class leading to an increase in consumerism, demand for products and material use.
- There is little improvement in energy efficiency or clean tech, the offset market remains relatively unchanged with supply of low-quality offsets exceeding demand and prices remaining low.
- Severe physical climate change impacts, including flooding, drought and tropical storms, disrupt global supply chains and material supply, leading to price volatility and consumer frustration.
- Mass climate migration, protests and geopolitical disruption as a result of climate change and historic inaction become increasingly common.

A summary of high-level risks, opportunities and mitigations is set out in the table below.

Key themes: risks, opportunities & mitigations	
The climate-conscious consumer	– 4imprint's customers and their buying decisions are largely similar to those of the broader consumer market. – As the global economy transitions towards a low carbon future there will be increasing changes in consumer behaviour. – Consumers begin to value fewer, higher-quality goods over mass consumption. – Sustainability of products, the materials they are produced from, and the companies that produce them, become increasingly important considerations in buying decisions. – As it does now, 4imprint will continue to respond to the demands of its customers.
A volatile supply chain	– With an asset-light, drop-ship business model, 4imprint will face limited direct exposure to physical risk. – Instead, the impacts of physical risk will come indirectly through suppliers and the supply chain. This will manifest in increased supply chain costs, increasingly volatile raw material prices and availability and increased product lead times. – If minor and infrequent, this should have little material impact on 4imprint. However, as time progresses, and the effects of climate change become more pronounced, the frequency and severity of these impacts will increasingly impact 4imprint. These effects were notably worse in the 4°C scenario.
Opportunities in a changing climate	– The transition to a low carbon economy and the changes it brings will present significant opportunities for 4imprint. – This includes pursuing low emissions sources of energy, an opportunity already being captured through the Oshkosh solar array. – The growing demand for sustainable products will also provide significant opportunity. 4imprint can decide the extent to which it wishes to pursue this, for example further enhancing the Better Choices™ initiative. – Conscious that it does not have a background of being a sustainable products provider, 4imprint can assist its customers in making more informed decisions by providing accurate sustainability information and supply chain transparency on its products.

SUSTAINABILITY CONTINUED

TCFD

In 2021 we made good progress in the implementation of the TCFD framework across our operations, but we also recognised that opportunities remained for continuous improvement in our climate strategy and for enhancements to be made in future disclosures. In 2022 we have enhanced our climate strategy and made progress in assessing risks and opportunities, most notably in the climate scenario planning described above. As such, we consider that 4imprint's climate reporting disclosures are consistent with the TCFD framework.

Our updated 2022 TCFD disclosure summary is set out below:

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	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	25
		– Relevant experience on the Board to hold management to account on environmental matters	25
		FUTURE PRIORITIES	
		– Continued emphasis at Board level 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	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	
		– Consider implementation of ESG-linked remuneration and inclusion of climate-related metrics at the executive level	

TCFD Pillar	TCFD Disclosure	4imprint Response	Page(s)
Strategy	Identification of climate-related risks and opportunities	**CURRENT**	
		– Sustainability is a key part of our first strategic pillar	9
		– Environmental risks are included as a primary risk category in the Principal Risks & Uncertainties matrix, with sub-headings 'Climate change' and 'Products and market trends'	48–49
		– Transition risks associated with climate change are expected 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	26
		– Climate change scenario planning analysis conducted in 2022, identifying opportunities from 4imprint's focus on carbon footprint management and low carbon product sustainability initiatives	26–27
		FUTURE PRIORITIES	
		– Continuous refinement and advanced granularity in the response to climate-related risks over different time horizons	
		– Improved identification of emerging physical climate risks, particularly at tier 2 and tier 3 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	48–49
		– Impact leading to commercial opportunities is reviewed in this Sustainability section	26–27
		– Climate change scenario planning analysis conducted in 2022, identifying and articulating impact of risks or opportunities	26–27
		FUTURE PRIORITIES	
		– Continuous refinement and advanced granularity in the response to climate-related risks over different time horizons, leveraging scenario planning analysis conducted in 2022	
		– Further develop and test commercial opportunities such as Better Choices™ to offer low carbon product solutions to increasingly climate-conscious customers	
		– Produce qualitative assessment of potential financial materiality of climate-related risks and opportunities; progress over time to quantitative assessment	
	Resilience of strategy under various climate-related scenarios	**CURRENT**	
		– Climate change scenario planning analysis conducted in 2022, identifying and articulating impact of risks or opportunities and considering business resilience	26–27
		FUTURE PRIORITIES	
		– Consider building on qualitative scenario analysis already performed to add quantitative scenario analysis in subsequent years, allowing a more granular understanding of the potential financial impacts of identified risks	

SUSTAINABILITY CONTINUED

TCFD Pillar	TCFD Disclosure	4imprint Response	Page(s)
Risk management	Processes for identifying and assessing climate-related risks	**CURRENT**	
		– Climate-related or environmental topics are raised directly by Board or Audit Committee members	41
		– The Business Risk Management Committee considers emerging risks through an analysis and scoring process	41
		– Group Environmental Committee discussions may be elevated to Board level on an ad hoc basis	25
		– Use of external consultants to assist with climate change planning and analysis	25–26
		FUTURE PRIORITIES	
		– Current risk identification processes considered appropriate given the nature of the Group's operations and short reporting lines	
	Processes for managing climate-related risks	**CURRENT**	
		– Group risk management processes are set out under Principal Risks & Uncertainties	41
		– The Business Risk Management Committee's scoring and mitigations of climate-related risks are addressed under the 'Environmental risks' section	48–49
		– The Group Environmental Committee and ultimately the Board drive the broad strategic approach to identifying, managing and mitigating climate-related risks, including both internal actions to mitigate GHG emissions and actions to increase customer awareness of products with sustainable credentials	25
		FUTURE PRIORITIES	
		– Current risk management processes considered appropriate given the nature of the Group's operations and short reporting lines	
		– Consideration and review of relevant metrics annually to measure and evidence progress on risk management initiatives	
	Integration into overall risk management	**CURRENT**	
		– Both climate change and sustainability-related product trends are recognised within 4imprint's Principal Risk & Uncertainties framework	41
		– As a result, the process for identifying and managing climate-related risks is fully integrated into the Group's overall risk management	48–49
		FUTURE PRIORITIES	
		– Current procedures considered appropriate given the Group's operations and short reporting lines	

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	31–32
		– Metrics subject to third party audit coordinated by Climate Impact Partners	25
		FUTURE PRIORITIES	
		– Measure beneficial effect of low carbon initiatives, particularly the solar array project	
		– Develop further reportable metrics including packaging, waste, water usage, business travel and other data	

TCFD Pillar	TCFD Disclosure	4imprint Response	Page(s)
Metrics and targets continued	Disclose Scope 1, Scope 2, Scope 3 GHGs	**CURRENT**	
		– GHG emissions table covers Scope 1 and Scope 2	31
		– Selected Scope 3 elements include opting into the UPS carbon neutral shipping programme that offsets the emissions from shipping products	25
		FUTURE PRIORITIES	
		– Improvement in data gathering and disclosure of readily addressable aspects of Scope 3	
	Targets used to manage climate-related risks and opportunities and performance against targets	**CURRENT**	
		– Carbon neutral target achieved in 2021, recertified in 2022	25
		– GHG emissions reporting	31–32
		– The energy generated from the solar array project is estimated at 1,400 MWh, or around 40% of the requirements of the Oshkosh distribution centre	25
		– Better Choices™ 'base year' data established	33
		FUTURE PRIORITIES	
		– Further develop targets, reporting and disclosure around Better Choices™ sustainable product initiative	
		– Measure 'base year' (2023) data from Oshkosh solar array to facilitate future reporting	
		– Develop targets for the proportion of renewable energy used to defray the overall carbon footprint	

Greenhouse gas emissions report

Our GHG reporting for 2022 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 below relates to the operations of the Group for the year ended 31 December 2022.

	Unit	**2022**	2021	Change
GHG emissions				
Scope 1: Direct emissions from combustion of fuel and operation of facilities	Tonnes CO_2-e	**551**	466	18%
Scope 2: Indirect emissions from purchased and consumed electricity	Tonnes CO_2-e	**2,935**	3,097	-5%
Total Group emissions Scope 1 & 2	Tonnes CO_2-e	**3,486**	3,563	-2%
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	**3.1**	4.5	-31%
Emissions by employee numbers	Tonnes CO_2-e/avg. employees	**2.7**	3.1	-13%
Energy consumption				
Gas	kWh	**2,913,353**	2,552,191	+14%
Electricity	kWh	**4,253,561**	4,552,139	-7%
Total	kWh	**7,166,914**	7,104,330	1%
Proportion consumed in UK		**0.8%**	0.8%	

SUSTAINABILITY CONTINUED

The Group's GHG Scope 1 and 2 emissions in 2022 were in aggregate essentially flat compared to 2021. 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, and the improved intensity metrics by Group revenue and by headcount, whilst encouraging, should be viewed in this context. It is, however, worth pointing out that there were encouraging Scope 2 electricity energy savings from two of our recent projects:

- The first full year of LED lighting at the Oshkosh office contributed to a reduction in electricity consumption of around 111,000 kWh; and
- The initial installation phase of the solar array at the Oshkosh distribution centre produced an electricity saving of around 164,000 kWh. Now that this project is fully commissioned we anticipate that the reduction in Scope 2 emissions in 2023 will be significantly higher.

SMART

In September 2022 we celebrated the fifth anniversary of our SMART (Sustainability. Making A Renewable Tomorrow) committee. The aim of the SMART committee is to embed environmental and sustainability initiatives as part of our daily operations.

The work of the SMART committee is supported enthusiastically throughout the business and is responsible for a dynamic community on our in-house Yammer social media platform. Our team members are happy 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. Examples are:
  - Replacement of all-plastic poly 'bubble' mailer envelopes with a fully recyclable padded envelope.
  - Introduction of 'eco' bobbins for thread in our embroidery operation – the old plastic bobbin casings have been replaced by a tightly-wound new version with no plastic consumable element.
  - Replacement of poly packaging pillows for packing items in boxes with new packing pillows made from potato starch.
- Electronics recycling initiatives for both team members' personal items (leading to a reduction of 2,300 lbs. of greenhouse gas emissions) and for old company IT equipment (leading to a reduction of 17,040 lbs. of greenhouse gas emissions).
- Further rollout of motion sensors and automation to cut down on energy usage in our facilities.
- Rollout of LED lighting project at our office in Manchester, UK.
- Group Yammer posts and discussions concerning good choices and sustainable alternatives, not just for the business but also at home.

Members of our Group Environmental and SMART committees are actively engaged with the Green Masters Program promoted by the Wisconsin Sustainable Business Council (WSBC). The Chair of our Environmental Committee presented at a WSBC forum in 2022 to share details of 4imprint's sustainability journey and *CarbonNeutral*® certification.

Green Masters Program™

1.4MW solar array at Oshkosh distribution centre completed 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 and 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™

Increasingly, environmental aspects regarding the sustainability of materials, as well as social concerns such as workplace culture/conditions are an important part of the product decision matrix. These considerations are expected to grow significantly in importance over the coming years. Our 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.

Better Choices™, launched in the first quarter of 2022, provides an easily accessible framework to enable customers to find their perfect product. Whether they are beginning the sustainability journey or are well down the path, many of our customers share a desire to make choices that lead to a better future.

Better Choices™ allows customers to easily filter the 4imprint range of promotional products to find the best match for the values of their organisation and their brand. Each Better Choices™ designation is rigorously researched and is supported by third party certification programmes and/or other supplier provided information under the broad headings of *Better Materials* and *Better Workplaces*.

Better Materials highlighted designations include:

- Products made using recycled polyester, paper, plastic or materials as unique as old car tyres.
- Paper and wood-based products certified by the Forestry Stewardship Council (FSC) as responsibly sourced.
- Apparel and bags made from organic cotton or US-grown cotton – globally recognised for its approach to sustainable farming.

Better Workplaces allows customers to find products from brands and suppliers who are:

- An Accredited Participating Company of the Fair Labor Association (FLA) – known globally for protecting and progressing workers' rights around the world.
- A Certified Benefit Corporation (B Corp) – B Corps are legally bound to consider how their actions impact employees, suppliers, community and the environment.

Other standards and certifications are also available as part of the Better Choices™ programme including, for example:

- Product safety, (including children's safety).
- Widely accepted protocols such as technology standards.

In accordance with our culture, any Better Choices™ designation places 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.

At the end of 2022, the Better Choices™ range delivered the following statistics, which should provide a basis for comparison in future periods:

- More than 8,300 Better Choices™ 'tags' had been applied to products in the overall 4imprint range, (noting that a single product may occasionally be 'tagged' twice under different designations).
- Products with one or more Better Choices™ 'tags' at the end of 2022 accounted for around $196m of demand revenue in the year. To be clear, it should be noted that this is not all incremental revenue since many products that were 'tagged' in the year were already in the 4imprint range before Better Choices™ was launched in March 2022.

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

A step change in financial performance in 2022

	2022 $m	2021 $m
Operating profit	**102.90**	30.65
Net finance income/(cost)	**0.80**	(0.42)
Profit before tax	**103.70**	30.23
Taxation	**(23.56)**	(7.64)
Profit for the period	**80.14**	22.59

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

	2022 $m	2021 $m
Revenue	**1,140.29**	787.32
Gross profit	**321.94**	226.02
Marketing costs	**(128.68)**	(127.53)
Selling costs	**(38.64)**	(32.16)
Administration and central costs	**(50.36)**	(34.73)
Share option charges and related social security costs	**(0.84)**	(0.61)
Defined benefit pension scheme administration costs	**(0.52)**	(0.34)
Operating profit	**102.90**	30.65

Operating result

Following the recovery of the business from the effects of the pandemic in the prior year, the positive trading momentum continued throughout 2022, resulting in record levels of demand. This trading profile, along with an increase in average order values and improved supply chain conditions, drove full year revenue to $1.14bn, an increase of $0.35bn or 44.8% compared to $0.79bn in 2021.

The gross profit percentage declined 0.5% to 28.2% (2021: 28.7%). Persistent inflationary pressures in the challenging macroeconomic and geopolitical environment increased product, transportation and labour costs, which were partially offset by a considered approach to selling price adjustments taken to maintain customer acquisition to drive future growth.

Marketing costs reduced to 11.3% of revenue, compared to 16.2% of revenue in 2021. 2022 saw a step change in marketing productivity driven by investment in the brand element of marketing mix, and our commitment to staying in front of customers during the pandemic. This has led to the revenue per marketing dollar KPI rising to $8.86, a 43.6% increase over prior year (2021: $6.17).

Selling, administration and central costs together increased 33.1% to $89.00m (2021: $66.89m). This increase is attributable to additional investment in team members, particularly in customer service and at our operational facilities to support elevated demand activity, and higher incentive compensation costs and bad debt reserves in line with trading performance.

These factors, when combined together, demonstrate the financial leverage in the business model, thereby delivering material uplifts in both operating profit to $102.90m (2021: $30.65m) and operating margin to 9.02% (2021: 3.89%).

Foreign exchange

The primary US dollar exchange rates relevant to the Group's 2022 results were as follows:

	2022		2021	
	Period-end	**Average**	Period-end	Average
Sterling	**1.20**	**1.24**	1.35	1.38
Canadian dollars	**0.74**	**0.77**	0.79	0.80

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

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

- Translational risk in the income statement remains low with 98% of the Group's revenue arising in US dollars, the Group's reporting currency. The net impact on the 2022 income statement from trading currency movements was not material to the Group's results (note 21).
- Most of the constituent elements of the Group balance sheet are US dollar-based. Exceptions are the Sterling-based defined benefit pension asset and the UK cash balances, which produced exchange losses of $0.20m and $1.21m respectively for 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 2022 meant that every US$1m converted to Sterling was worth around £89,000 more at the 2022 closing rate compared to the 2021 closing rate.

Share option charges

A total of $0.84m (2021: $0.61m) 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 Deferred Bonus Plan (DBP) and 2015 Incentive Plan; and (ii) charges in respect of the 2019 UK SAYE and the 2021 US Employee Stock Purchase Plan.

Current options and awards outstanding are 2,059 shares under the UK SAYE, 89,388 shares under the 2021 US Employee Stock Purchase Plan, and 29,633 shares under the 2015 Incentive Plan. Awards under the DBP in respect of 2022 are anticipated to be made in late March 2023.

Net finance income/(cost)

Net finance income for the year was $0.80m (2021: net finance cost $0.42m). This comprises interest earned on cash deposits, lease interest charges under IFRS 16, and the net income/(charge) on the defined benefit pension plan assets and liabilities.

Interest income increased significantly during the year to $1.16m (2021: $0.03m), driven by improving yields on higher cash deposits, particularly in the US where interest rates have been steadily raised during the year in response to economic conditions.

FINANCIAL REVIEW CONTINUED

Taxation

The tax charge for the year was $23.56m (2021: $7.64m), giving an effective tax rate of 23% (2021: 25%). The charge comprises a current tax charge of $23.99m representing tax payable on US taxable profits; a current tax charge of $1.19m in respect of UK profits; and a deferred tax credit of $1.62m.

The decrease in the effective tax rate is principally due to UK tax losses utilised in the year and the recognition of a deferred tax asset for UK tax losses that, following a review of updated forecasts of UK taxable profits, are expected to be utilised in the next three years. The US business also benefitted from a federal tax credit of $0.47m in respect of its investment in a solar array at the Oshkosh distribution centre.

Earnings per share

Basic earnings per share was 285.57c (2021: 80.46c), an increase of 255%. This reflects the 255% increase 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.

The Board has proposed a final dividend of 120.00c per share (2021: 30.00c) which, together with the interim dividend of 40.00c per share, gives a total paid and proposed regular dividend relating to 2022 of 160.00c per share (2021: 45.00c), an increase of 256% compared to prior year.

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.2093. This results in a final dividend per share payable to Shareholders of 99.23p (2021: 22.99p), which, combined with the interim dividend paid of 33.01p per share, gives a total dividend per share for the year of 132.24p (2021: 33.82p).

In addition to the interim and final dividends, the Board has also proposed a special dividend of 200.00c per share (165.38p) (2021: nil), which will be paid at the same time as the final dividend in June 2023. This special dividend is non-recurring in nature and is in accordance with the Group's established balance sheet funding and capital allocation policies which are described in more detail below.

The final and special dividends, together amounting to 320.00c per share (264.61p), will be paid on 1 June 2023 to Shareholders on the register at the close of business on 5 May 2023.

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 accrual for several years. The Plan has 118 pensioners and 210 deferred members.

At 31 December 2022, the surplus of the Plan on an IAS 19 basis was $1.23m (2021: $1.97m). Gross Plan assets under IAS 19 were $21.52m, and liabilities were $20.29m.

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

	$m
IAS 19 surplus at 1 January 2022	**1.97**
Company contributions to the Plan	**4.37**
Defined benefit pension scheme administration costs	**(0.52)**
Pension finance income	**0.07**
Re-measurement gain due to changes in assumptions	**11.91**
Return on scheme assets (excluding interest income)	**(16.37)**
Exchange loss	**(0.20)**
IAS 19 surplus at 31 December 2022	**1.23**

The net IAS 19 surplus decreased by $0.74m in the year. This was mainly the result of a fall in the Plan asset values driven by high inflation (the assets are held in gilts, the values of which move with inflation and interest rate expectations, and liquidity funds), partly offset by the increase in the discount rate used to measure the Plan liabilities. In Sterling, the net IAS 19 surplus decreased by £0.44m in the year to a surplus of £1.02m.

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

A triennial actuarial valuation of the Plan was completed in September 2019 and this forms the basis of the 2022 IAS 19 valuation set out above. The next triennial Plan valuation is under way and is expected to be completed in the first half of 2023.

Business combination

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

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

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

Further information on this acquisition is provided in note 10 to these financial statements.

Cash flow

The Group had cash and bank deposits of $86.75m at 31 December 2022, an increase of $45.16m against the 1 January 2022 balance of $41.59m.

Cash flow in the period is summarised as follows:

	2022 $m	2021 $m
Operating profit	**102.90**	30.65
Share option charges	**0.82**	0.60
Defined benefit pension scheme administration charge	**0.52**	0.34
Depreciation and amortisation	**4.02**	3.67
Lease depreciation	**1.51**	1.34
Change in working capital	**(8.44)**	(13.76)
Capital expenditure	**(8.01)**	(3.47)
Underlying operating cash flow	**93.32**	19.37
Tax and interest	**(20.06)**	(6.82)
Consideration for business combination	**(1.70)**	–
Defined benefit pension scheme contributions	**(4.37)**	(4.59)
Own share transactions	**(0.87)**	(0.84)
Capital element of lease payments	**(1.23)**	(1.12)
Exchange and other	**(1.21)**	(0.05)
Free cash flow	**63.88**	5.95
Dividends to Shareholders	**(18.72)**	(4.13)
Net cash inflow in the period	**45.16**	1.82

The Group generated underlying operating cash flow of $93.32m (2021: $19.37m), a conversion rate of 91% of operating profit (2021: 63%). The net working capital position, whilst remaining elevated, has fallen significantly as a percentage of revenue compared to the 2021 year-end reflecting the improved supply chain conditions. Capital expenditure includes $1.82m on a solar array at the Oshkosh distribution centre which became fully operational in December 2022, and $2.93m on equipment and facility build out costs in relation to the acquired screen-printing operations.

Free cash flow improved by $57.93m to $63.88m (2021: $5.95m). This is attributable to the excellent trading performance during the period and is net of $1.70m of business acquisition consideration.

The 2021 final dividend of $8.14m was paid in May 2022 and the 2022 interim dividend of $10.58m was paid in September 2022.

Balance sheet and Shareholders' funds

Net assets at 31 December 2022 were $140.22m, compared to $82.97m at 1 January 2022. The balance sheet is summarised as follows:

	31 December 2022 $m	1 January 2022 $m
Non-current assets (excluding pension asset)	**46.71**	38.04
Working capital	**20.84**	12.27
Cash and bank deposits	**86.75**	41.59
Lease liabilities	**(13.75)**	(12.09)
Pension asset	**1.23**	1.97
Other assets – net	**(1.56)**	1.19
Net assets	**140.22**	82.97

Shareholders' funds increased by $57.25m since the 2021 year-end. Constituent elements of the movement were net profit in the period of $80.14m and share option related movements of $1.01m, net of equity dividends paid to Shareholders $(18.72)m, own share transactions of $(0.87)m, the after tax impact of returns on pension scheme assets and re-measurement gains on pension obligations of $(2.70)m, and exchange losses of $(1.61)m.

The Group had a net positive working capital balance of $20.84m at 31 December 2022 (2021: $12.27m), reflecting the build-up of accrued revenue and inventory on orders in process at year-end. As a percentage of revenue, the net working capital balance has reduced materially from the prior year-end, which was significantly impacted by global and local supply chain issues caused by the pandemic.

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 different economic cycles. The Group will therefore typically remain ungeared and hold a positive cash and bank deposits 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.

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

FINANCIAL REVIEW CONTINUED

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.
  - Special dividends most likely method: other methods may be considered.

In keeping with these capital allocation priorities and taking into account both the cash-generative nature of business operations and the Group's investment plans for 2023 and beyond, the Board has recommended a return to Shareholders of around $56.1m by way of a special dividend of 200.00c per share, payable in June 2023.

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 the Secured Overnight Financing Rate (SOFR) plus 2.1%, and the facility expires on 31 May 2024. In addition, an overdraft facility of £1.0m, with an interest rate of the Bank of England base rate plus 2.0% (or 2.0% if higher), is available from the Group's principal UK bank, Lloyds Bank plc, until 31 December 2023. The Group expects these facilities to be renewed prior to their respective expiry dates.

The Group had cash and bank deposits of $86.75m at the year-end and has no current requirement or plans to raise additional equity or core debt funding.

Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the application of accounting 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.

Critical accounting judgments are those judgments, apart from those involving estimations, that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key assumptions and sources of estimation uncertainty are those that have a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year.

Management considers the critical accounting judgments to be in respect of revenue and the retirement benefit asset, and key assumptions and sources of estimation uncertainty to relate to the valuation of the defined benefit pension plan liabilities.

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). This did not lead to formal impairment reviews being undertaken for either CGU. The Company has released £329k from the expected credit loss provision 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 2022 Annual Report.
- The principal risks and uncertainties facing the Group, as outlined in the Principal Risks & Uncertainties section on pages 41 to 49 of the 2022 Annual Report and further detailed below.
- Information contained in this Financial Review concerning the Group's financial position, cash flows and liquidity.
- Regular management reporting and updates from the Executive Directors.
- Recent detailed financial forecasts and analysis for the three-year period to 27 December 2025.

Principal risks and uncertainties

The Directors have carefully considered the Group's principal risks and uncertainties in assessing the Group's prospects, which include strategic risks, operational risks, reputational risks, and environmental risks. Whilst all the risks identified could have an impact on the Group, given the prevailing external climate and potential to impact the Group's financial position and longer-term viability, macroeconomic and environmental risks are considered in further detail below.

Macroeconomic risks

Whilst the risk of a negative effect on demand for our products from the pandemic is considered to have receded during the year, the macroeconomic and geopolitical environment remains challenging.

The ongoing uncertainty associated with the outlook for a potential global recession and continued geopolitical unrest poses downside risks to growth and the cost base. Inflationary pressures (mainly in relation to product, transportation, and labour costs) have persisted since the onset of the pandemic although the impact on the business has to date been successfully mitigated through appropriate and timely adjustments to the customer proposition, the marketing mix and expense budgets. In addition, the maintenance of high levels of liquidity has facilitated continued investment in the business for future growth.

The operational and financial resilience of the business through the pandemic and current economic and political uncertainty, coupled with the strong financial position of the Group, give the Board confidence that the strategy, competitive position, and business model remain entirely relevant and that despite residual uncertainty as to future market conditions, the Group expects to be in a good position both to withstand further economic stress and to take market share opportunities as they arise.

The potential impacts from the current macroeconomic risks and associated mitigating actions have been reflected in the demand and cost assumptions of the financial forecasts used to assess viability and going concern.

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.

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, the installation of a solar panel array at our distribution centre in Oshkosh, the introduction of our Better Choices™ programme to make it easier for our customers to find products with the characteristics that are most important to them, and participation in the UPS carbon neutral shipping programme. 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 its strategic objectives and sees climate change and other aspects of environmental stewardship as a fundamental part of a commitment to build a commercially and environmentally sustainable business that delivers value to all stakeholders.

The cash flow impacts 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 27 December 2025, 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 reliable.

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

Assessment of viability

Whilst the principal risks and uncertainties outlined on pages 41 to 49 of the 2022 Annual Report could all have an impact on the Group's performance, 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. Over the three-year period 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. These 'downside' scenarios assume a significant deterioration in demand patterns during 2023, similar to those experienced in 2020 when the pandemic started, with order volumes for the first year of the three-year forecast period dropping back to around 70% of 2022 levels, before gradually recovering back to 2022 order levels by 2025. Marketing and direct costs were flexed in line with revenue, capital expenditure was moderated to reflect the reduction in demand, and dividend payments were reduced in line with earnings per share, but other payroll and overhead costs remained at 2022 levels with an allowance for inflationary increases. These 'downside' scenarios are intended to simulate a severe shock to demand resulting in sustained diminished corporate demand in a downsized promotional products market.

Even under the severe stress built into the 'downside' models, the Group retains strong 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 the onset of the pandemic in 2020 its ability to flex its marketing and other costs to mitigate the impact of falls in revenue and retains flexibility to further reduce other costs should the need arise.

FINANCIAL REVIEW CONTINUED

Though the Group maintains a $20m line of credit with its US bankers that expires on 31 May 2024 and a small overdraft facility with its UK bankers that expires on 31 December 2023, 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 low fixed cost base, and enters the 2023 financial year with a strong cash and bank deposits position of $86.8m, 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 27 December 2025.

Going concern

Based on their assessment, the Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern from the date the financial statements are approved until 29 June 2024. 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	25 to 33
Employees	Sustainability	21 to 23
Social matters	Sustainability	23 and 24
Human rights	Sustainability/Statement on Corporate Governance	24/62
Anti-corruption and anti-bribery	Sustainability	24
Business model	Business Model	18 and 19
Non-financial KPIs	Strategic Objectives	12 and 13
Principal risks	Principal Risks & Uncertainties	41 to 49

Management report

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

PRINCIPAL RISKS & UNCERTAINTIES

The Board recognises that effective risk management and a robust system of internal control are integral components of good corporate governance and are fundamental to the long-term sustainable success of the Group. Risk appetite, the risk management process, and associated mitigating activities and controls 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 numerous 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 oversight and management of risk and control across the Group. The Audit Committee assists the Board in fulfilling its responsibilities to maintain effective governance and oversight of the Group's risk management and internal controls.

Risks are identified on a top-down and bottom-up basis from many sources, including internally, through the Board and operational and functional management teams, and externally, to ensure that emerging risks are considered. Risk identification focuses on those risks which, if they occurred, have the potential to have a material impact on the Group and the achievement of its strategic, operational and compliance objectives. Risks are categorised into the following groups: strategic risks; operational risks; reputational risks; and environmental risks.

Management is responsible for evaluating each significant risk and implementing specific risk mitigation activities and controls with the aim of reducing the resulting residual risk to an acceptable level, as determined in conjunction with the Group's risk appetite. The Business Risk Management Committee reviews the consolidated Group risk register and the mitigating actions and controls at regular meetings and provides updates to the Audit Committee on a bi-annual basis. This process is supplemented with risk and control assessments completed by the operating locations and Group function annually.

The Board

The Board undertakes a formal review of the Group's principal and emerging risks at least annually, assessing them against the Group's risk appetite and strategic objectives. The Executive Directors will routinely update the Board on urgent emerging issues and principal risks where the residual risk exceeds the Group's risk appetite to allow the Board to determine whether the actions being taken by management are sufficient.

Principal risks and uncertainties

Outlined in the following tables are the current principal risks and uncertainties that would impact the successful delivery of the Group's strategic goals. These are consistent with those disclosed in the prior year. The list is not exhaustive and other, as yet unidentified, factors may have an adverse effect.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

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.

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

- **Whilst concerns remain with respect to potential new COVID-19 virus variants, the risk of a negative effect on demand for our products arising from the pandemic is considered to have receded.**
- **A challenging macroeconomic and geopolitical environment continues to cause uncertainty in our North American and UK markets, posing downside risks to general economic conditions and growth.**
- **Persistent inflationary pressures could drive up product, transportation and labour costs.**

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

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 could 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 trend towards 'work-from-home', accelerated by the COVID-19 pandemic, 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

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

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.
- Our recently acquired screen-printing operations have been located separately to our existing distribution centre to diversify the risk of disruption to our facilities.
- A significant proportion of our office and customer service staff can work from home, mitigating some risk should offices become unavailable.

DIRECTION

- **Whilst concerns remain with respect to potential new COVID-19 virus variants, the risk of potential shutdown of one or all of our facilities from a return to 'lockdown' type restrictions is considered to have receded.**

Decreased

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

- **The significant growth in demand experienced during the year has led to increased volumes being placed with certain individual suppliers. This has led to an increase in the inherent risk of supplier concentration, although the Group continues to manage this risk through relationships with alternative suppliers.**
- **The disruption to global and local supply chains, initially caused by the impact of the pandemic, continues to persist. The lessening impact from COVID-19 on the Group's ability to fulfil customer orders on a timely basis has been offset with ongoing challenges in the recruitment of staff by both the Group and our supply partners, the risk of strikes at our parcel delivery partners, and elevated order levels experienced during the period.**
- **Whilst the residual risk continues to remain elevated, it is considered to have stabilised in comparison to the prior year.**

Unchanged

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.
- IT infrastructure in place to support working from home for our office-based team members.

DIRECTION

- **The IT platform is mature, and performance has been efficient and resilient, including through the COVID-19 pandemic and more recently with higher levels of staff working from home.**
- **The rollout of our home working computer solution is now complete, enabling the vast majority of our office-based team members to work from home.**

Unchanged

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

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 expected frequency, sophistication and publicity around cyber crime continues to increase. Accordingly, a high residual risk assessment continues to be maintained.**

Unchanged

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.**
- **Whilst visits to, and audits of, both domestic and overseas suppliers have increased since the start of the COVID-19 pandemic, challenges in visiting certain locations continue to persist.**

Unchanged

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 subject matter experts, specialist external legal advisers and Government agencies as appropriate.
- US General Counsel recruited during 2022.

DIRECTION

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

Unchanged

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

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 of 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.
- Our solar array project at the Oshkosh distribution centre became fully operational during 2022, significantly increasing the portion of the Group's power requirements generated from renewable sources.
- 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 remains a global sense of urgency in relation to climate change. As such, the risks in this area remain elevated, albeit they are considered stable over the period.**

Unchanged

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 to 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, the fact that most of the products in our broad range are also sold unbranded in the retail setting, and with the launch of our Better Choices™ initiative, the pace of the transition towards sustainable choices is likely to remain quite manageable.**

Decreased

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 (see page 21). 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 monitoring, nurturing 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 subject matter and context.

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 (see page 62).

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 Objectives 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 an easily understood, 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, including regular updates from the CEO
- Site visits by Chairman and NEDs, as appropriate, usually including an annual two-day visit and strategy review in Oshkosh (see page 55)

DECISIONS, ACTIONS AND OUTCOMES

- Re-affirmed the Board's commitment to a people-led approach, prioritising the welfare, health and safety of our team members
- Conducted an extensive, externally facilitated employee survey, leading to further investment in and development of enhanced work from home capabilities
- Development and cultivation of 4imprint culture and working environment in accordance with DEI principles (see pages 21 to 23)
- Re-calibration of productivity-based pay matrices in 2022 and competitive pay raises for other positions
- Continuing good participation rates in US employee share ownership (ESPP) plan
- Regular input from the NED with responsibility for championing the interests of team members ('Employee Voice')
- Low staff turnover rates; a good result in the context of very tight labour markets
- Paid a one-off bonus of $1,000 to every team member in recognition of their above and beyond contribution throughout 2022 but particularly during periods of very strong order intake and acute stress in the second half of the year

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 (see page 3)
- Guiding each customer to their 'perfect product'; product quality, safety, price and range development (see page 15)
- 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 and security of personal data

DECISIONS, ACTIONS AND OUTCOMES

- Continued development of the marketing mix, including additional investment in brand marketing, to resonate with shifts in customer perceptions and requirements
- Ongoing development of a curated, easy-to-access range of products allowing customers to make informed decisions over what they purchase (see pages 16 and 17)
- Renewed focus on service quality; this was particularly important in the second half of 2022 given the stresses caused by the very strong order intake levels experienced
- Continued focus on ethical sourcing and product safety/compliance (see page 24)
- Ongoing development of the Better Choices™ range highlighting 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 33)

Suppliers

WHAT'S IMPORTANT

Our suppliers are integral to the 'drop-ship' pillar of our business model, allowing us to provide 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 page 24.

ENGAGEMENT

- Regular meetings, information sharing and site visits with our tier 1 domestic suppliers
- Supplier agreements and expectation setting
- 4imprint Social & Ethical Principles Statement and Modern Slavery Statement
- 4imprint Supply Chain Code of Conduct
- Cooperation with suppliers in marketing campaigns

DECISIONS, ACTIONS AND OUTCOMES

- Worked closely with our suppliers to maintain the supply of products to service the extremely strong demand seen in the second half of 2022
- Focus on product range development in the context of a rapidly changing product mix, including further development of exclusive and 'own-brand' products
- Retained and delivered on our commitment to paying all suppliers promptly to terms
- 4imprint's Social & Ethical Principles Statement was updated and reissued in 2022

STAKEHOLDER ENGAGEMENT CONTINUED

Community

WHAT'S IMPORTANT

Most of our team members live locally to our primary 4imprint facilities, 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 pages 23 and 24.

ENGAGEMENT

- Paid time off work for our team members to volunteer for a local charity or non-profit organisation
- Support for and sponsorship of 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 2,500 *one* by *one*® charitable grants made in 2022
- Using 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 plan (the "Plan"). We are fully committed to satisfying our pension obligations in full, with the aim of full funding and complete de-risking of the remaining liability (see page 36).

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 level agreed with the Trustee throughout 2022
- Plan funding level on target to support well-established and agreed 'endgame' for the Plan, leading to 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 and Accounts
- Investor Relations website
- Annual General Meeting (AGM)
- Results announcements, investor roadshows and periodic trading/performance updates (CEO and CFO)
- Meetings and calls throughout the year with existing and potential investors, including ESG/Compliance departments
- Meetings with the Chairman, NEDs and Company Secretary as required

DECISIONS, ACTIONS AND OUTCOMES

- Frequent communication and active governance at Board level
- Timely communications to the market of strong financial performance including two unscheduled RNS market updates during 2022
- Detailed Board review and re-affirmation of organic growth strategy and evolution of the marketing portfolio including expanding investment in brand advertising
- Shareholder register and investor relations activity regularly reviewed by the Board
- Emphasis on culture, ethics and sustainability in Board discussions
- Interim and final dividend payments increased in line with trading performance
- Special dividend proposed in line with the Group's balance sheet funding and capital allocation policies

The Strategic Report was approved by the Board on 14 March 2023.

KEVIN LYONS-TARR
CHIEF EXECUTIVE OFFICER

DAVID SEEKINGS
CHIEF FINANCIAL OFFICER

CORPORATE GOVERNANCE REPORT

A sustainable, growing business reflecting our identity and values

Chairman's introduction

On behalf of the Board of 4imprint Group plc, I am pleased to introduce the 2022 Corporate Governance Report.

The Board remains committed to strong and appropriate corporate governance, supporting the principles and provisions contained in the UK Corporate Governance Code 2018 (the "Code"). I am pleased to confirm that in the 2022 financial year, 4imprint Group plc has complied with the Code in full.

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 2022 the Board has prioritised supporting the leadership team in dealing with the challenges posed by the rapid recovery in demand during the year, as the adverse impacts of the pandemic lessened, leading to the delivery of an exceptionally strong 2022 financial performance. Significant time has been devoted to discussion on how best to bolster the resources and infrastructure required for the Group's operations to scale efficiently to the next level. Concurrently, we have remained cognisant of our governance responsibilities.

In November 2022 the Board held its annual strategy review and Board meeting at the 4imprint facilities in Oshkosh, Wisconsin. For the newer Board members this was their first in-person visit to the US business, and the first visit for all UK Board members since before the pandemic.

The Board members were impressed to see the progress that had been made in expanding the activities at the Oshkosh distribution centre and to review the plans for the newly acquired screen-printing business.

This visit also presented an opportunity for the Board to experience and understand more about the Group's ESG initiatives, from the solar array project at the distribution centre, which was commissioned during the year, to smaller scale initiatives within the facilities. Additionally, the Board has continued to support management in prioritising the interests of team members, a key element of the 4imprint culture. The Board fully endorsed the executives' recommendation to make a 'special bonus' payment in September 2022, to recognise and reward team members for their extraordinary efforts in helping to achieve the outstanding performance for 2022.

Further details on ESG can be found in the Sustainability section on pages 20 to 33 of the Strategic Review.

I am extremely proud of the Board's work in 2022 in support of the executive and leadership teams in transitioning the business from post-pandemic recovery to the delivery of unprecedented order, revenue and profit growth by the close of the year. My fellow Directors have maintained diligent corporate governance standards throughout the year, and I would like to thank them for their continued commitment and contribution to 4imprint.

PAUL MOODY
CHAIRMAN
14 March 2023

BOARD OF DIRECTORS

PAUL MOODY
NON-EXECUTIVE CHAIRMAN

Appointed as a 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 currently serves as a Non-Executive Director and Chair of the Audit Committee at C&C Group plc. 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.

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

CHARLES BRADY C
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a 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 a Non-Executive Director in May 2019.

Tina is the Chair of the Bally's Foundation in the UK and the former Executive Vice President – People for Bally Interactive, 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 15 years of experience in energy, recycling and sustainability roles. She is currently Head of Responsible Business and Sustainability at Just Eat Takeaway.com, 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 31 December 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/governance/company-documents/.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness. The Chairman promotes a culture of openness and debate, ensuring 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 56 and 57.

The Board is satisfied that there is 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 2022 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 Annual General Meeting (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 13 December 2022.

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 63 to 86.

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 page 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 2022 the Board had eight regular meetings and two supplementary meetings. The supplementary meetings were convened at short notice to address the need to make two unscheduled Trading Updates (in May and July 2022) as a result of strong trading performance meaning that financial forecasts for the full year were above analysts' consensus.

Board and Committee meetings have predominantly been held in person at the 4imprint London office during 2022 with the UK-based Directors physically present. The November 2022 Strategy Day and Board meeting was held at the offices of 4imprint Inc, Oshkosh, Wisconsin, with all Board members physically present.

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:

	Scheduled Board meetings	Supplementary Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration Committee meetings(i)
Number of meetings in 2022	8	2	2	2	2
P. Moody	8	2	2*	2*	2*
K. Lyons-Tarr	8	2	2*	2*	2*
D. Seekings	8	2	2*	2*	2*
L. Beardsell	8	1	2*	2*	2*
C. Brady	8	1	2	2	2
J. Gibney	8	2	2	2	2
J. Rabadia	8	1	2*	2*	2*
C. Southall	8	1	2	2	2

* 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.

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 13 December 2022. Reports from each of these Committees are provided on pages 63 to 86.

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.

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 2022

Strategy

- Consideration, challenge and approval of the Group's continuing organic growth strategy.
- Discussion of potential future strategic targets now that the long-standing target of $1bn in Group revenue has been achieved.
- Consideration of the infrastructure and people investment requirements of a large and rapidly growing business.
- Consideration and approval of the continued re-shaping of the marketing portfolio and expanding investment in brand advertising.
- Consideration of the interest of all team members, including support of work from home and hybrid working arrangements.
- Consideration of environmental initiatives to support the Group's *CarbonNeutral*® status and reduce reliance on carbon offset products.

Governance

- Review and discussion of Company culture as working from home and hybrid working arrangements evolve, including reports from the Employee-Voice NED.
- Oversight of Group environmental initiatives.
- External Board Effectiveness Review.
- Review of Group's key corporate policies and procedures, matters reserved for the Board and Terms of Reference of Committees.
- Annual Board visit to principal business in Oshkosh.

Finance

- Review and approval of full year and half year results.
- Review and approval of 2023 budget and three-year plan including scenario planning.
- Consideration and approval of unscheduled RNS market updates to ensure strong in-year financial performance communicated to the market as timely and appropriate.
- Approval of dividends paid in 2022.

Risk management

- Review of principal risks and uncertainties.
- Regular review of Group risk matrix and internal control procedures, including reports from the Group Business Risk Management Committee.
- Regular review of longer-term emerging risks.
- Development of 'SOX-equivalent' process and control documentation to address the potential requirements of BEIS proposals.
- Oversight and review of initiatives to deal with increasing cyber security risks.

Throughout the period ending 31 December 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 41 to 49.

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 38 to 40.

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 2022 an external independent Board Effectiveness Review (the "Review") was undertaken, led by Trusted Advisors Partnership Ltd (TAP). The Review included a bespoke detailed questionnaire, completed by each Board member and the Company Secretary, with the aim of identifying and weighting the themes, activities and priorities that merited further discussion. This was followed up with qualitative one-to-one interviews with each Director.

TAP presented their conclusions and recommendations to the Board for discussion at the September 2022 Board meeting, which were then considered as part of the setting of new Board objectives for 2023.

The Review identified the following areas of strength:

- The Board operates to a highly effective standard in all areas that were under review. There is a healthy balance between a harmonious, collegial and supportive Board, and one that is prepared and confident to provide challenge and scrutiny to executive management.
- The Board remains confident that it is working to a commonly understood purpose, vision and strategy that has delivered success in accelerating the return of the business to pre-pandemic levels of growth.
- The Board composition is well balanced with a cohort of experienced, capable and engaged Non-Executive Directors who are able and willing to fulfil their responsibilities. The more recent Non-Executive Director appointments have brought in subject matter experts in governance, regulation and ESG, in addition to satisfying an ambition for the Board to become increasingly diverse.
- The Board is constructive, respectful, and allows for open and honest discussion and debate. There is strong evidence of healthy knowledge sharing.
- The Board Committees are well chaired, experienced and operate effectively.

Taking into account the feedback from the Review, the Board set the following collective objectives in January 2023 for the year ahead. These objectives are subject to regular review:

2023 Objectives	Commentary
Strategic priorities	Provide leadership and mentoring to support the Executive Directors and management to realise the key strategic priorities for 2023 including: • Oversight of the continuing organic growth of the business through increasing market share. • Further evolving the marketing mix and continuing the investment in brand advertising. • Continued development of the business infrastructure and talent required to support significant further growth, whilst maintaining or enhancing the 4imprint culture. • Regularly reviewing the Group's longer-term strategic options in anticipation of changes to investor composition, the Group's ambition for growth, evolving regulation and further unanticipated changes to market fundamentals.
Succession planning	• Support the further development of plans for internal successor candidates for Executive Director roles. • Support the Executive Directors as they seek to expand the depth and breadth of experience of the management team to address gaps identified and meet the evolving needs and priorities of the growing business. • Support senior management as they expand and develop their teams to deal with the growth of the business and anticipated additional regulatory requirements.
Internal controls and corporate governance reform readiness	• Continue to support management in the development of systems and reporting mechanisms that will be necessary to address the governance responsibilities likely to be required under the evolving BEIS proposals. • Regular review of the requirement for Internal Audit and what form this might take (see page 70).
ESG	Provide support and challenge to management in the following key areas: • The continuation of ESG initiatives, including the development of a range of products with verified sustainability characteristics. • Evolution of the very strong culture and values of our Group. • The development of a net zero emissions target and further ESG-related KPI measurements.

In addition to the external evaluation, the Board reflected on the achievement of the objectives adopted for 2022 as a result of the previous year's internal evaluation.

2022 Objectives	Commentary
Succession planning and senior management team engagement	• Development plans have been discussed for potential internal successor candidates for the Executive Directors. Additional resource has been added to release time for potential internal candidates to build their broader Company knowledge and address knowledge/skill gaps. • The Board visit to Oshkosh in November 2022 allowed the NED group to engage face-to-face with senior management, enhancing their perception of the talent strength and depth in the Group.
ESG focus and initiatives	• The Board has overseen continued progress in relation to developing and executing its sustainability strategy. • The solar array at the Oshkosh distribution centre is now fully operational and is likely to generate over 40% of the site's electricity requirements. • The Board endorsed senior management's plans to consider further decarbonisation initiatives resulting in reduced reliance on carbon offset products to maintain *CarbonNeutral*® status. • The range of products offered through the Better Choices™ programme has been expanded throughout 2022 and will continue as demand for products with verified sustainability credentials gains momentum.
BEIS (UK Government corporate reform proposals) planning	• The Board has supported management in preparing for the increased governance responsibilities likely to be required under the BEIS proposals. • Detailed documentation of processes and controls is under way in both the UK and US. • Regular discussion and updates on developing aspects of likely corporate governance reform.
Post-pandemic recovery	• Throughout 2022, Board members were closely and regularly engaged in supporting the Executive Team as they sought to manage the challenges arising from the post-pandemic surge in demand. This resulted in additional Board meetings to discuss the rapid improvement in the financial results, resulting in two unscheduled RNS trading updates in the year.

STATEMENT ON CORPORATE GOVERNANCE CONTINUED

In December 2022 the Senior Independent Director undertook an assessment of the performance of the Chairman throughout 2022. 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 2022 meeting. The feedback on the Chairman was positive and complimentary with Board members being fully satisfied with his performance during 2022.

Corporate Governance Policies

The following Corporate Governance Policies were reconsidered and approved by the Board at a meeting on 13 December 2022.

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

In addition, the following Company Statements were reconsidered and approved by the Board at a meeting on 18 January 2023. 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 31 December 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 50 to 53 sets out how the Board has engaged with these different stakeholder groups.

NOMINATION COMMITTEE REPORT

2022 HIGHLIGHTS

- Continued the induction process for the newer Non-Executive Directors including a visit to the Oshkosh site and engagement with members of the senior management team.
- Reviewed and discussed plans to strengthen senior management resource in the context of rapid growth of the business in 2022, including the recruitment of a US General Counsel.
- Developed plans and actions for succession planning for the Executive Directors and senior management team.
- Reviewed diversity, equity and inclusion (DEI) initiatives in the year.

2023 PRIORITIES

- Continue to support the Executive Directors as they seek to strengthen further the skills, experience and balance of the senior management team.
- Develop further opportunities for Board engagement with members of the senior management team to allow for more informed talent planning.
- Implement actions for succession planning for the Executive Directors and senior management team.
- Support the further development of specific DEI initiatives.

Members and attendance

Tina Southall (Chair)	2/2
Charles Brady	2/2
John Gibney	2/2

Chair's overview

As Chair of the Nomination Committee (the "Committee"), I am pleased to present my report for 2022. The focus of the Committee in 2022 has been the continuing induction process for the newer Non-Executive Directors who were recruited in 2021 and on the further development of succession planning 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 13 December 2022. 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, and I am an Independent Non-Executive Director. The other members of the Committee during the period were Charles Brady, the Senior Independent Non-Executive Director; and 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 other 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 31 December 2022 there were two meetings of the Nomination Committee. Details on attendance of meetings of the Nomination Committee are set out in the Statement on Corporate Governance, found on page 59.

Main activities of the Nomination Committee during the period ended 31 December 2022

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

- Continuing the induction process for the Non-Executive Directors who were appointed in 2021, including a visit to the Oshkosh site and face-to-face meetings with the senior management team.
- Reviewing the membership of the Board's Committees, including the approach of inviting all Non-Executive Directors to all Committee meetings.
- Reviewing with the Executive Directors a specific plan for succession planning, including initiatives to enable the development of potential internal candidates for future appointments to the Board.
- Reviewing and discussing with the Executive Directors a specific plan to strengthen the senior management team in the context of the rapid growth of the business in 2022. This included recruitment to fill skills gaps, for example the recruitment of a US General Counsel in June 2022, and to allow other senior employees to diversify their roles and experience. The Committee is dedicated to ensuring that an effective succession plan is maintained in respect of the Company's Directors and for the senior management team.
- Review and discussion of the Company's Diversity, Equity and Inclusion initiatives in the year to support the DEI strategy (see page 22 for details).
- Participation in the external Board Effectiveness Review undertaken in 2022 (see pages 60 and 61 for details).

Induction process for Non-Executive Directors

During the year the Committee has overseen the continuing induction process for the three newer Non-Executive Directors who were appointed in 2021. This included a visit to the Oshkosh site featuring a tour of the distribution centre and presentations from and face-to-face meetings with members of the senior management team.

In addition, throughout the year the majority of Board and Committee meetings have been held in the 4imprint Head Office in London, with the UK-based Directors attending in person. This has facilitated discussions between Board members and the Company Secretary; meetings with the external auditor and other professional advisers; and ongoing mentorship from the Chairman.

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 2022 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 2022, 50.7% of the senior management team including direct reports were female (52.2% based on data at 31 October 2021).

In November 2022, 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 the Company has met the recommendation of the Parker Review that by 2024, FTSE 250 companies should have at least one director from a minority ethnic group.

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 56 and 57. Each Director named therein will be seeking re-election at the 2023 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
14 March 2023

AUDIT COMMITTEE REPORT

2022 HIGHLIGHTS

- Considered the impact of macroeconomic and environmental risks and related disclosures across the Annual Report and Accounts, including the potential impact on viability, going concern, and the financial statements.
- Monitored the Group's approach to, and management of, risks related to any potential cyber security threats.
- Monitored the impact from the unprecedented growth experienced during the year on the Group's risk and control environment.
- Monitored proposals being recommended by the Department of Business, Energy & Industrial Strategy (BEIS) on corporate reform.
- Monitored progress on the Group's review of its internal controls over financial reporting (ICFR) and IT general controls (ITGCs).
- Reviewed the requirement for an internal audit function for the Group with the Board. This review concluded that it is now the right time to establish an internal audit function, recognising both the continued growth and evolution of the Group, and the additional governance requirements resulting from the proposed BEIS corporate reforms.

2023 PRIORITIES

- Review senior management's assessment of the impact of the regulations arising from the proposed BEIS corporate reforms.
- Consider the approach to achieving compliance with the proposed BEIS corporate reforms by the required deadlines.
- Continue to monitor progress on the review of ICFR and ITGCs.
- Oversee the development of a Group audit and assurance policy in accordance with the BEIS reforms, including the assessment of the Group's assurance needs and the establishment of a Group internal audit function.

Members and attendance

John Gibney (Chair)	2/2
Charles Brady	2/2
Tina Southall	2/2

Chair's overview

As Chair of the Audit Committee (the "Committee"), I am pleased to present the Committee's report for the year ended 31 December 2022. The purpose of this report is to describe the work undertaken by the Committee and explain how it has discharged its responsibilities throughout the year.

Whilst the 2022 reporting landscape continues to be characterised by challenging macroeconomic conditions (geopolitical uncertainty has exacerbated the economic uncertainty created by the pandemic), it has also been a year of unprecedented growth for the Group. Accordingly, the focus of the Committee has been on monitoring the impact from these factors on the Group's processes, operations, risk and controls, the audit process and ensuring that our external reporting remains fair, balanced and understandable.

The Committee has also continued its oversight of the Group's risk management systems and effectiveness of internal controls and is pleased that the Group has commenced a review of its ICFR and ITGCs ahead of the implementation of the BEIS corporate reforms.

Responsibilities of the Audit Committee

The Audit Committee is responsible for monitoring the integrity of the financial statements, maintaining an appropriate relationship with the Group's external auditor, overseeing and assessing the effectiveness of the audit process and reviewing the Group's internal controls and risk management systems. 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 13 December 2022. 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 May 2021. 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. I also currently serve as a Non-Executive Director and Chair of the Audit Committee at C&C Group 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 the 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's priority focus areas, and any emerging regulatory or business issues. The Audit Committee met twice during 2022.

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 31 December 2022

In regard to the period ended 31 December 2022, the Audit Committee's business has included the following items:

- Ensuring the integrity of the half year and full year results announcements and the Annual Report and Accounts.
- Assessing the 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 current geopolitical and economic environment (and associated supply chain stresses, inflationary pressures, slowing growth, rising interest rates, and constraints in the labour market), and impact of environmental risks on viability, going concern and the financial statements.
- Reviewing the Annual Report and Accounts to ensure that, taken as a whole, the document is fair, balanced and understandable.
- Maintaining an appropriate relationship between the Group and its external auditors and ensuring effectiveness of the external audit.
- Challenging the scenarios considered and severe but plausible stress testing performed in assessing the viability of the Group.
- Ensuring appropriate risk management and internal control systems are in place, including the consideration of current and emerging risks in relation to the prevailing environment.
- Considering the requirement for an internal audit function.
- Monitoring announcements on the BEIS audit and corporate reform proposals and progress on the review of ICFR and ITGCs.
- Monitoring the continued development of the Group's approach to managing cyber security threats.

AUDIT COMMITTEE REPORT CONTINUED

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 2022 half and full year results announcements and the Annual Report and Accounts for the period ended 31 December 2022.

The external auditor confirmed to the Committee that they were not aware of any material misstatements identified during 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:

- Feedback provided by Shareholders on the Group's 2021 Annual Report and Accounts and trading updates, and information received by the Board throughout the period.
- 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 use and disclosure of alternative performance measures and its belief that these measures are necessary to aid users' understanding of the business.
- 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.

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

Impact of uncertain macroeconomic conditions

The impact of the uncertain macroeconomic conditions 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, as well as the critical accounting judgments and disclosures 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, as the rebates are material to the results for the period, they require continued focus and consideration.

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

Stress in the supply chain and the strong recovery of the business in the prior year led to an elevated level of open orders and unbilled revenue accrual 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.

Whilst disruption to the supply chain has lessened in the current year, the exceptional growth in orders and ongoing challenges in the recruitment of staff by both the Group and our supplier partners has meant that the unbilled revenue accrual at the year-end of $18m remains material (2021: $28m).

Management have made assumptions as to the level of expected credit loss provision required, based upon actual experience from the prior and current years, and 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 considered:

- The relevant skills and experience of the audit partner and team and their knowledge of the business.
- 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.
- Feedback from 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 nature and level of any errors identified during the external 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.

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:

- Reports from the Business Risk Management Committee on the systems and effectiveness of internal controls and risk management.
- The external auditor's review of internal controls and audit highlights memoranda.

The Business Risk Management Committee is now well established and met three times during 2022. Key topics of discussion included the Group's principal risks and uncertainties, the effectiveness of mitigating activities and key controls, emerging risks, the categorisation and disclosure of risks in results announcements and the Annual Report and Accounts, and the BEIS corporate reform proposals. Please refer to the Principal Risks & Uncertainties section of the Strategic Report on pages 41 to 49 for further information.

AUDIT COMMITTEE REPORT CONTINUED

In anticipation of the BEIS corporate reforms becoming effective, the Group has commenced a review of its ICFR and ITGCs. The first phase of the project to review and update process documentation and develop risk and control matrices is now well progressed and will be completed in 2023, alongside the remediation of any identified gaps and consideration of assurance requirements and potential testing programme.

The establishment of a separate internal audit function has not been considered necessary to date 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 significant control breakdown or fraud; and, when considered necessary, external advice. However, given the growth of the Group during 2022 and the additional requirements arising from the proposed BEIS corporate reforms, this matter was reconsidered during 2022 by the Audit Committee and Board. This review concluded that it is now the appropriate time to establish a Group internal audit function. The nature of this function and how it is best resourced will be considered during 2023, taking into account further detail on the governance changes as they become available.

The Group has a Whistleblowing Policy (which is also available on the Company's website), containing arrangements for the US General Counsel or 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 58 to 62, 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 2022 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 105 and 106.

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 2023 AGM will provide an opportunity for Shareholders 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
14 March 2023

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

2022 HIGHLIGHTS

- Monitored our remuneration strategy in the context of business developments and the challenges faced by the senior management and all team members in coping with the rapid recovery in demand during 2022.
- Supported the payment of a one-off special bonus in September 2022 to all team members excluding the Executive Directors.
- Monitored governance, regulatory and investor developments on executive compensation matters.
- Considered broader employee pay and conditions.

2023 PRIORITIES

- Set bonus targets for 2023 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.
- Commence the process to develop a new Remuneration Policy for consideration by Shareholders at the 2024 AGM.

Members and attendance

Charles Brady (Chair)	2/2
John Gibney	2/2
Tina Southall	2/2

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.

Chair's overview

On behalf of the Remuneration Committee (the "Committee") I am pleased to present the Directors' Remuneration Report for the year ended 31 December 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.
- A copy of the Remuneration Policy approved by Shareholders at the AGM in 2021.
- The Remuneration Report for the year ended 31 December 2022 (see pages 73 to 86), which details how our Remuneration Policy was implemented in the year ended 31 December 2022 and how we intend to implement our Remuneration Policy in 2023.

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

Business context for executive remuneration

After a relatively quiet first quarter in 2022, the Group experienced very strong trading for the remainder of the year, leading to the most successful financial results in the Group's history. This unprecedented level of rapid growth presented significant challenges for the Executive Directors and the senior management team, particularly in scaling up the resources and infrastructure needed to operate as a much larger business.

For 2022 the financial results of the business included:

- Group revenue up by 45%.
- Increase in operating profit of 236%.
- Increase in basic earnings per share of 255%.
- 2022 interim dividend paid; final dividend declared supplemented by declaration of a special dividend.
- Continued investment in marketing and people to position the business well for future growth.
- Retaining a strong financial position and good liquidity with cash and bank deposits at the year-end of $86.8m.

Decisions on executive remuneration during 2022 have been made in the context of the factors outlined above.

Committee decisions and undertakings in 2022

Rewarding performance

At its meeting in January 2022, the Remuneration Committee agreed to the Executive Directors' request that they receive no base salary increase with effect from 1 January 2022. However, the Committee approved the reintroduction of an annual bonus plan for 2022 and set 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.

As it became clear that the pace of recovery in 2022 was much faster than initial expectations, the business has been keen to reward the extraordinary efforts of all team members in coping with this unprecedented level of demand. Pay rises for the wider workforce (excluding the Executive Directors and senior management team) were implemented during 2022 in order to attract and retain associates in a tight labour market and to provide an element of catch up due to wages not being increased during the pandemic. Average pay for the wider workforce has increased by more than 7% during 2022.

The financial success of the business in 2022 has meant that there have been regular payments to team members under the quarterly 'gain share' bonus plan. In addition, in September 2022 a one-off special bonus of $1,000 per team member (excluding the Executive Directors) was paid in recognition of the extraordinary efforts during the year in dealing with the challenges posed by the unprecedented level of demand.

In this context, it is fitting that the annual bonus plan for the Executive Directors and senior management team has paid a maximum bonus of 100% of salary to participants as a reward for the remarkable achievements of 2022.

Committee decisions and undertakings for 2023

Implementation of the Remuneration Policy in 2023

At its meeting in January 2023, the Committee awarded the Chief Executive Officer and the Chief Financial Officer a 6.8% increase in basic annual salary with effect from 1 January 2023. This is the first increase in the Executive Directors' base salary since 1 January 2020 and is in line with the increase applied to the remuneration of salaried employees across the business.

In relation to the annual bonus plan, specific performance targets for 2023 have been set by the Committee with reference to the 2023 budgets and targets approved by the Board. As at January 2023, the Committee was confident that the targets set were appropriately stretching.

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

During 2023 the Committee will commence the process to develop a new Remuneration Policy for consideration by Shareholders at the 2024 AGM.

Conclusion

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

CHARLES BRADY
CHAIR OF THE REMUNERATION COMMITTEE
14 March 2023

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 2023.

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), John Gibney and Christina Southall. 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 two Remuneration Committee meetings in 2022. Attendance at Committee meetings in 2022 is shown in the table on page 59.

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 plans 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 13 December 2022. 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 value generated for 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 2022 were £6,892 (2021: £31,500).

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 can be found on the corporate website at https://investors.4imprint.com/governance/company-documents/.

REMUNERATION REPORT CONTINUED

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.

Element and purpose	Opportunity	Operation	Performance measures
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.
Deferred Annual Bonus Scheme (DABS)* To encourage share ownership and to incentivise and reward strong annual performance	The ongoing maximum potential annual bonus opportunity is 100% of base salary. 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.

* The Deferred Annual Bonus Scheme (DABS) has been renamed the Deferred Bonus Plan (DBP).

REMUNERATION REPORT CONTINUED

Element and purpose	Opportunity	Operation	Performance measures
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.

REMUNERATION REPORT CONTINUED

Executive Director service contracts

Executive Directors have rolling service contracts, notice periods are twelve months from the Company and six 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.

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 50 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.

REMUNERATION REPORT CONTINUED

Annual report on remuneration

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								
2022	**414,367**	**9,280**	**409,640**	**–**	**9,867**	**843,154**	**433,514**	**409,640**
2021	372,463	6,499	–	–	7,352	386,314	386,314	–
D. Seekings								
2022	**276,245**	**15,307**	**273,094**	**–**	**9,802**	**574,448**	**301,354**	**273,094**
2021	248,309	17,286	–	–	8,392	273,987	273,987	–
P. Moody								
2022	**150,000**	**–**	**–**	**–**	**–**	**150,000**	**150,000**	**–**
2021	150,000	–	–	–	–	150,000	150,000	–
L. Beardsell (i)								
2022	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2021	15,000	–	–	–	–	15,000	15,000	–
C. Brady								
2022	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2021	45,000	–	–	–	–	45,000	45,000	–
J. Gibney (ii)								
2022	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2021	36,865	–	–	–	–	36,865	36,865	–
J. Rabadia (i)								
2022	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2021	15,000	–	–	–	–	15,000	15,000	–
C. Southall								
2022	**45,000**	**–**	**–**	**–**	**–**	**45,000**	**45,000**	**–**
2021	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.

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								
2022	**512,323**	**11,474**	**506,479**	**–**	**12,200**	**1,042,476**	**535,997**	**506,479**
2021	512,323	8,940	–	–	10,113	531,376	531,376	–
D. Seekings								
2022	**341,549**	**18,926**	**337,653**	**–**	**12,119**	**710,247**	**372,594**	**337,653**
2021	341,549	23,777	–	–	11,543	376,869	376,869	–

Salaries

The Chief Executive Officer and the Chief Financial Officer received no increase in basic annual salary during 2022.

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 Executive Directors participate in a single variable 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 conditional share awards (the DBP). The deferral period for shares awarded to Executive Directors is five years from date of award.

The rules of the 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.

No annual bonus scheme was in place for 2021 due to the significant uncertainty around the timing and scale of the economic recovery post COVID-19, meaning that it was not possible to set meaningful bonus targets at the start of 2021. At its meeting in January 2022, the Remuneration Committee approved the re-introduction of the annual bonus scheme. Specific performance targets were set by the Committee with reference to the 2022 budget which had been approved by the Board in December 2021.

Operation of the DBP

Bonus outcomes under the DBP 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.

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 designed to meet 4imprint's strategic priorities.

Target setting process and outcomes

The specific bonus targets for 2022 were set by the Committee at its meeting in January 2022, 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.

The bonus measures and targets are inter-related, and as such are best expressed in the matrix format set out below.

2022 Plan							
Revenue target (millions)	$842	$870	$895	$903	$910	$918	$926
Op. profit $45m minimum	30%	40%	50%	70%	90%	100%	100%
Op. profit $43m minimum	20%	30%	40%	50%	70%	90%	100%
Op. profit $41m minimum	10%	20%	30%	40%	50%	60%	80%
Revenue growth vs 2021	10%	14%	17%	18%	19%	20%	21%

Table shows bonus outcome as a % of base salary.

For the avoidance of doubt:

- If operating profit was below $41m no bonus would have been payable regardless of revenue performance.
- If revenue growth was below 10% no bonus would have been payable regardless of operating profit performance.
- Budgeted revenue growth of 17% and operating profit of $45m would have resulted in the Executive Directors earning an on-target bonus of 50% of base salary, with lower and higher combinations of the two measures producing outcomes ranging from 10% of base salary for threshold performance to 100% of base salary for maximum performance.

REMUNERATION REPORT CONTINUED

For 2022, the revenue growth and operating profit performance of the North American business significantly exceeded the amounts necessary, per the performance grid, for bonuses of 100% of base salary to be awarded to the Executive Directors.

Accordingly at the January 2023 Remuneration Committee meeting, the Committee approved the maximum bonus award to the Executive Directors of 100% of base salary, payable 50% in cash and 50% in the form of conditional share awards with a vesting period of five years. The Committee had no requirement to exercise its discretion to alter the amount of bonus payable.

Bonus targets in respect of 2023 performance are not disclosed for reasons of commercial sensitivity but will be disclosed retrospectively in next year's Remuneration Report.

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 31 December 2022	Holding at 1 January 2022
Kevin Lyons-Tarr	**265,909**	265,909
David Seekings	**186,779**	186,779
Paul Moody	**9,500**	9,500
Lindsay Beardsell	**–**	–
Charles Brady	**2,000**	2,000
John Gibney	**3,000**	3,000
Jaz Rabadia	**–**	–
Tina Southall	**3,000**	3,000

The value of each 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 2023 to the date of this report.

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

During the period there were no changes to the Executive Directors' interests in share schemes. No bonus targets were set for 2021, due to the uncertainty around the impact of the pandemic on the financial results of the business, so no awards of conditional shares were made in 2022 in respect of 2021 performance.

In accordance with the rules of the DBP, the intention is to issue deferred shares in 2023 in respect of the 2022 bonus awards.

Directors' interests in share schemes

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

	Holding at 1 Jan 2022	Granted during the year	Exercised	**Holding at 31 Dec 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	10,196	–	–	**10,196**	28 Mar 2019	£24.00	nil	28 Mar 2024	28 Mar 2024
D. Seekings									
US ESPP	722	–	–	**722**	17 May 2021	£23.00	$27.61	25 July 2023	25 July 2023
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 nil for Kevin Lyons-Tarr and nil for David Seekings (2021: £111,270 for Kevin Lyons-Tarr and £74,172 for David Seekings).

During 2022 the middle-market value of the share price ranged from £22.40 to £44.80 and was £42.75 at the close of business on 31 December 2022.

Details of share options granted by 4imprint Group plc as at 31 December 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.

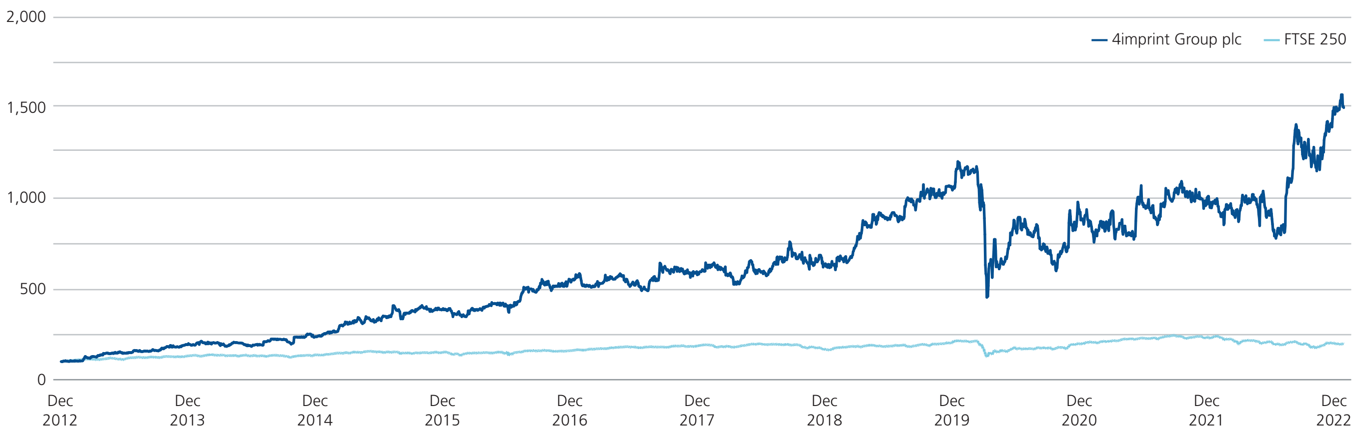
Payments for loss of office

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

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	**2022 £'000**
K. Lyons-Tarr			326	481	564	738	603*	422	386	**843**
J.W. Poulter	1,380	180	45							
Total remuneration	1,380	180	371	481	564	738	603	422	386	**843**
Annual variable award										
Percentage versus max opportunity (%)	n/a	100	60	40	50	100	50*	n/a	n/a	**100**
Long-term incentive										
Vesting rate (%)	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:

	2022 $m	2021 $m	Percentage change
Wages and salaries	**77.75**	59.62	30%
Dividends paid	**18.72**	4.13	353%

REMUNERATION REPORT CONTINUED

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 2022 and 2021.

	Salary	Bonus	Taxable benefits
Average pay based on all employees	7%	n/a	-12%
Kevin Lyons-Tarr	0%	n/a	28%
David Seekings	0%	n/a	-20%
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 wage and salary increases were implemented to attract and retain associates in a competitive US labour market and there was an element of catch up following a period of minimal increases throughout 2020 and the first half of 2021.

Kevin Lyons-Tarr and David Seekings received no bonus payments in 2021 and have received their maximum bonus award in respect of 2022. Employees received minimal bonus payments in 2021 and received quarterly payments from the all employee gain share bonus scheme in 2022. Accordingly, the calculated percentage increase figure in relation to bonuses is anomalous.

CEO pay ratio

Year	Country	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	**UK**	**A**	**18.0 : 1**	**12.8 : 1**	**9.5 : 1**
2022	**US**	**A**	**12.4 : 1**	**10.5 : 1**	**7.5 : 1**
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 50 UK employees (2021: 45) compared with 1,274 US employees (2021: 1,162), 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 31 December 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 2022 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 2022. 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 April 2022

	No. of men	No. of women	Mean average %	Median average %
4imprint US	**322**	**852**	**10.92**	**1.16**
4imprint UK	**12**	**29**	**42.10**	**12.01**

As at April 2021

	No. of men	No. of women	Mean average %	Median average %
4imprint US	280	786	16.65	4.96
4imprint UK	15	31	38.41	15.09

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 10.92% higher than women's mean pay (2021 – 16.65% higher). In 4imprint UK, men's mean pay is 42.1% higher than women's mean pay (2021 – 38.41% higher). This is due to the higher representation of men in more senior roles in the employee group in the UK.

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 1.16% higher for men than for women in 2022 (2021 – 4.96% higher). In 4imprint UK, the median hourly pay is 12.01% higher for men than for women in 2022 (2021 – 15.09% higher for men).

Gender pay gap – bonus pay

Employees receiving a bonus

Year to April 2022

	Male %	Female %
4imprint US	**93.48**	**95.31**
4imprint UK	**8.33**	**0.00**

Year to April 2021

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

Gender pay gap in bonus pay

Year to April 2022

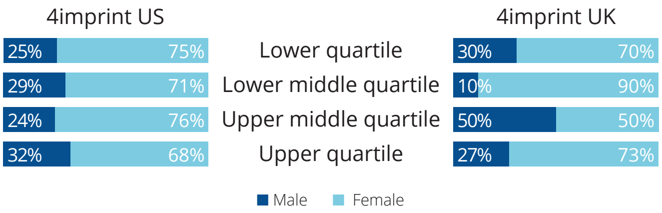
	No. of men	No. of women	Mean average %	Median average %
4imprint US	**273**	**812**	**65.83**	**0**
4imprint UK	**1**	**0**	**100.00**	**0**

Year to 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

In the UK, no bonuses were paid in the year to 5 April 2022. The bonuses shown above relate to the exercise of share options in May 2021 and March 2022 by one member of the UK senior management team. The effect of this is to render the UK data on bonuses anomalous.

REMUNERATION REPORT CONTINUED



This is the proportion of men and women in each pay quartile. Each quartile represents 294 employees of 4imprint US and 10 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	2022	24,162,559	96.40	903,584	3.60	1,318
Approval of Remuneration Policy	2021	21,870,335	94.94	1,164,452	5.06	380,941

Implementation of Policy in 2023

At its meeting in January 2023, the Committee awarded the Chief Executive Officer and the Chief Financial Officer a 6.8% increase in basic annual salary with effect from 1 January 2023. This is the first increase in Executive Directors' base salary since 1 January 2020 and is in line with the increase applied to the remuneration of salaried employees across the business.

In addition, the Committee approved an increase of 5% in the Chairman's annual fee to £157,500 with effect from 1 January 2023.

In relation to the annual bonus scheme for the Executive Directors and senior management team, specific performance targets for 2023 have been set by the Committee with reference to the 2023 budget approved by the Board. The bonus plan variables, consisting of revenue growth percentage and operating profit performance of the North American business, remain unchanged, but the targets are not disclosed in this report for commercial reasons. As at January 2023, the Committee was confident that the targets set were appropriately stretching.

CHARLES BRADY
CHAIR OF THE REMUNERATION COMMITTEE
14 March 2023

DIRECTORS' REPORT

The Directors present their report and the audited consolidated and Company financial statements for the period ended 31 December 2022. The Company's Statement on Corporate Governance is included in the Corporate Governance section on pages 58 to 62 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 declared in US dollars and paid in Sterling, converted at the exchange rate at the time the dividend is declared.

An interim dividend of 40.00c (33.01p) per ordinary share was paid on 16 September 2022. The Directors recommend a final dividend of 120.00c (99.23p) per share and a special dividend of 200.00c (165.38p) per share. The proposed final and special dividends, if approved, will be paid on 1 June 2023 in respect of shares registered at close of business on 5 May 2023.

The total distribution paid and recommended for 2022 on the ordinary shares is $101.1m (2021: $12.5m) or 360.00c per share (2021: 45.00c).

Cross-reference to Strategic Report

The Strategic Report is set out on pages 6 to 53 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 reviews the Company's risk management processes. 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 41.

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 pages 56 and 57. The Directors served throughout the period ended 31 December 2022 and up to the date of signing of these financial statements.

The interests of the Directors in the shares of the Company are shown on page 82.

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 31 December 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 21.

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 31 December 2022 the Company had received notification of the following interests in voting rights pursuant to the Disclosure and Transparency Rules:

	Date notified	% of share capital(i)
Baillie Gifford & Co	16.09.22	10.95%
BlackRock, Inc.	16.05.22	9.84%
Montanaro Asset Management Limited	09.09.22	6.99%
abrdn plc	07.07.22	6.03%
JPMorgan Asset Management Holdings Inc.	01.08.22	5.09%
Mawer Investment Management	13.05.22	4.37%

(i) Percentages are shown as a percentage of the Company's issued share capital when the Company was notified of the change in holding. Copies of these, along with historic notifications received and any notifications received since 14 March 2023, can be found on our website at https://investors.4imprint.com/investors/regulatory-news/.

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.

DIRECTORS' REPORT CONTINUED

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 73 and 74.

Purchase of own shares

Following approval at the 2022 AGM of Resolution 18, the Company is authorised, generally and without conditions, to make market purchases, as defined in the Companies Acts, of its ordinary shares of $38^{6}/_{13}$p subject to the provisions set out in such Resolution. This authority applies from 24 May 2022 until the earlier of the end of the 2023 AGM or 24 August 2023 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 35,000 (2021: 22,500) ordinary shares.

Waiver of dividends

The dividend income in respect of the 22,860 shares (2021: 22,488 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 40.

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 and climate change scenario analysis is set out in the Sustainability section on pages 25 to 33.

Greenhouse gas emissions report

Details regarding the Group's carbon emissions, energy consumption and energy efficiency are included in the Strategic Report on pages 31 and 32.

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 2022 for UK entities and EPA conversion factors for US entities.

Political donations

No political donations were made in the period ending 31 December 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 2023 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
14 March 2023

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 (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 56 and 57, 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 14 March 2023 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 Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 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 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 "Company") and its subsidiaries (the "Group") for the year-ended 31 December 2022 which comprise:

Group	Company
Consolidated balance sheet as at 31 December 2022	Balance sheet as at 31 December 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 M 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 28 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 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the 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 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 performed their going concern assessment for the period ending on 29 June 2024. Management consider the key factor that would affect the going concern assumption for the Group to be a severe downturn in customer demand;
- We obtained the Board's going concern assessment, including cash flow forecasts which cover the period to 29 June 2024. The Board prepared "base case" and "downside case" cash flow forecast models. The downside scenarios assume a significant deterioration in demand patterns during 2023, similar to those experienced in 2020 when the pandemic started, with order volumes for the first year of the three-year forecast period dropping back to around 70% of 2022 levels, before gradually recovering. Management's base case and downside forecasts demonstrate that the Group retains sufficient liquidity in the going concern period to 29 June 2024;
- We considered the appropriateness of methods used to calculate the cash forecasts and determined, through inspection of the methodology and testing of the calculations, that the methods utilised were appropriately sophisticated to be able to make an assessment for the Group and Company. 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, including the re-certification of the Group's carbon neutral status during the year, the completion of a capital investment project in the form of a 2,660 panel ground-mounted solar array at their distribution centre in Oshkosh and developing Better Choices™, their sustainable product initiative;
- We have checked the amount and maturity of the $20m US line of credit and £1m UK overdraft facility, which expire on 31 May 2024 and 31 December 2023, respectively, to facility agreements. These facilities remain undrawn and covenant requirements attached to the $20m US line of credit have also been tested to the facility agreement. There are no covenants on the £1m UK overdraft;
- We obtained the Board's forecast covenant calculations for the committed but undrawn $20m US line of credit which cover the period until expiry (31 May 2024). We tested inputs into the covenant forecast calculations back to the base case and confirmed the Group has significant headroom and no forecast breach in covenants. 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 assessed management's consideration of the geopolitical and macro-economic environment and the impact on the Group's operations, noting that the Group has no operations in Russia, Ukraine or Belarus. The possible impact to the Group would likely manifest itself through inflationary pressures;
- We tested the key assumptions included in each of the cash flow forecast models. We tested the assumption regarding significant declines in revenue included in the downside scenarios as well as the recovery rates;
- We performed sensitivity analysis on the downside scenarios assuming increased product costs and reduction in demand, to identify the impact on the Group's liquidity. This did not identify liquidity issues. Moreover, the Group has demonstrated its ability to manage through historic recessions and the more recent COVID-19 pandemic;
- We performed reverse stress testing on the base case forecast to identify what reduction in revenue would be required before the Group's liquidity is exhausted during the going concern period. We assessed whether significant declines in revenue beyond those experienced during the pandemic were plausible;
- We considered the mitigating factors that are within the control of the Group which include the ability to reduce marketing costs, direct costs, capex spend and flex dividends. In addition, if required, other payroll and overhead costs could also be reduced;
- We consider the severe but plausible scenarios identified as part of the going concern assessment appropriately reflect the principal risks of the business and reasonable possible changes in key assumptions;
- In our stress test and reverse stress test model, we have excluded the $20m US line of credit and the £1m UK overdraft facility;
- Our reverse stress test models on the base case and downside scenarios showed that with available mitigation, the Group would have sufficient liquidity to meet its liabilities as they fall due throughout the going concern period; and
- We read the Group's going concern disclosures included in the Annual Report in order to evaluate whether the disclosures were appropriate and in conformity with the applicable reporting standards.

We have observed a continued recovery in performance of both the US and UK&I segments of the business since 2021, the cash and bank deposits of $86.7m (2021: cash of $39.8m) at the balance sheet date and sustained trading results in the first month of 2023. Based on the work we have performed, we have not identified material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for the period to 29 June 2024.

In relation to the Group and 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 $5.2m (2021: $1.5m) which represents 5% (2021: 5%) of profit before tax for the current period. Prior year Group materiality was calculated at 5% of the average profit before tax using the prior year and previous two financial periods.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 4imprint Group plc

An overview of the scope of the 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 and Company 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, the potential impact of climate change and other factors such as recent wider geopolitical and macroeconomic issues 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 (2021: 7) reporting components of the Group, we selected 7 (2021: 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 (2021: 7) components selected, we performed an audit of the complete financial information of 2 (2021: 2) components (full scope components) which were selected based on their size or risk characteristics. For the remaining 5 (2021: 5) components (specific scope components), we performed audit procedures on specific accounts within those components 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% (2021: 100%) of the Group's profit before tax, 100% (2021: 100%) of the Group's revenue and 100% (2021: 100%) of the Group's total assets.

For the current year, the 2 (2021: 2) full scope components contributed 100% (2021: 104%) of the Group's profit before tax, 98% (2021: 98%) of the Group's revenue and 98% (2021: 98%) of the Group's total assets.

The 5 (2021: 5) specific scope components contributed 0% (2021: (4)%) of the Group's profit before tax, 2% (2021: 2%) of the Group's revenue and 2% (2021: 2%) 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.

Changes from the prior year

There have been no changes in scoping from the prior year.

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 in respect of one full scope component. These procedures were undertaken by another EY global network firm operating under the Group audit team's instruction and were attended in person.

The Group audit team interacted with management throughout the audit and completed site visits to the Group's locations in the United States of America as part of our year-end testing, and to the Group's location in the United Kingdom as part of our interim and year-end audit procedures.

The Group audit engagement partner participated in the interim and closing meetings for all components.

Climate change

Stakeholders are increasingly interested in how climate change will impact 4imprint Group plc. The Group has determined that the most significant future impacts from climate change on their 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 and changes in consumer preferences towards sustainable products. These are explained on pages 28 to 31 in the required Task Force for Climate related Financial Disclosures in the sustainability section and on pages 41 to 49 in the principal risks and uncertainties. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited 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, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

As explained in the Group's viability statement, governmental and societal responses to climate change risks are still developing, and the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted International Accounting Standards.

The Group has included environmental matters in its strategic objectives and the cash flow impacts of its environmental initiatives are incorporated into the financial forecasts used to assess viability and going concern.

Our audit effort in considering the impact of climate change in the financial statements was focused on evaluating management's assessment of the impact of climate risk on future cash flow forecasts, including changes in consumer preferences towards sustainable products, which was used in their assessment of going concern, viability, recoverability of deferred tax assets and associated disclosures.

We also assessed the appropriateness of the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

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

Risk 1 – Management override of internal controls through manual journals to revenue
Description of risk:
There is a risk that management may override controls to intentionally misstate revenue transactions through inappropriate manual journal entries to revenue and consequently underlying operating profit. Investor focus on the Group's revenue performance, together with the re-introduction of the management reward and incentive schemes in 2022 which are based on revenue percentage growth and underlying operating profit targets, create an incentive for management to manipulate revenue recognition. There are no significant judgments involved in the recognition of revenue and our audit risk is focussed on manual journals to the revenue accounts. Therefore, 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. Revenue for the year was $1,140m (2021: $787m) and operating profit was $103m (2021: $31m). Refer to the accounting policies (pages 107 and 108); and note 1 of the consolidated financial statements (page 112).

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 implementation 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. We performed data analytics testing over the entire revenue process from revenue recognition through to invoice settlement via cash. Where the postings did not follow our expectation, we investigated outliers and tested these journal 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 investigated material classes of journals which did not flow through this process in line with our expectations to confirm our understanding and ensure these were genuine transactions and appropriately accounted for. We also introduced unpredictability into our manual journal entries 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% (2021: 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 4imprint Group plc

Risk 2 – 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. Rebate contracts include variable rebate rates which are dependent on product categories and volumes purchased. There are no significant judgments involved in the recognition of supplier rebate revenue or the supplier rebate receivable. As such, 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. There is, however, an element of judgment included in assessing the recoverability of the rebate income receivable at the balance sheet date. For the current year the Group recognised \$26m (2021: \$18m) of rebate income including a rebate receivable balance of \$19m (2021: \$13m) at the balance sheet date. Refer to the accounting policies (page 108); and note 14 of the consolidated financial statements (pages 120 to 122).

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 rebate 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 and for the correct amounts. We inspected a sample of post year-end credit notes to check the recoverability of rebate receivable balances. We tested manual 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 99% (2021: 92%) of supplier rebate income and 99% (2021: 90%) of the rebate income receivable balance at the reporting date.

Key observations communicated to the Audit Committee:
We did not identify evidence of management override through inappropriate journal entries recorded to rebate income in the period. Rebate income was recorded in accordance with contractual terms, in the correct period and the related year-end receivables balance was appropriately valued.

Risk 3 – Management override of internal controls to the expected credit loss provision on unbilled accrued revenue
Description of risk:
It is common for a customer order to include several different products, i.e., several "order lines". Each order line is a separate performance obligation and revenue is recognised when control of the related goods has transferred to the customer. However, the Group's policy is that a sales invoice is only raised once goods from all order lines have transferred to the customer. In the prior year, disruption to the Group's supply chain caused by the pandemic resulted in an increase in unbilled accrued revenue on orders that had been delivered to customers but where other products on the overall customer order had not been delivered at year-end. Whilst the unbilled accrued revenue balances have reduced in the current year, they remain material to the financial statements. 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. Gross unbilled accrued revenue at the year-end was $18m (2021: $28m) and related expected credit loss provisions were $0.2m (2021: $0.5m). Refer to the accounting policies (page 110); and note 14 of the consolidated financial statements (pages 120 to 122).

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 unbilled revenue accrual 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, mainly 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 further validated inputs used in our recalculation as follows: a) 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. b) 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. c) We 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% (2021: 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.

There have been no changes from prior year in the key audit matters included in our auditor's report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 4imprint Group plc

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be $5.2m (2021: $1.5m), which is 5% (2021: 5%) of profit before tax for the current period. Prior year Group materiality was calculated based on 5% of the average profit before tax using the prior year and previous two financial periods.

We believe that profit before tax provides us with an appropriate basis for determining materiality as we consider the users of the financial statements are primarily focused on earnings following the Group's recovery from the impact of the pandemic.

Our current year materiality has therefore been calculated using profit before tax. In the prior year, Group materiality was calculated at 5% of the average profit before tax using the prior year and previous two financial periods. If we had calculated our prior year materiality in a consistent manner to the current year, using profit before tax, the prior year materially would have remained at a similar amount.

We determined materiality for the Company to be £2.4m (2021: £2.4m), which is 1% (2021: 1%) of equity. We deem equity to be the most appropriate measure given the Company is an investment holding company with no revenue.

During the course of our audit, we reassessed initial materiality for both the Group and Company.

Our final materiality for the Group ($5.2m) was higher than our initial materiality ($4.0m) owing to the Group's improved trading performance during the second half of the year.

There was no change in our final materiality from our original assessment at planning for the 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 judgment was that performance materiality was 75% (2021: 75%) of our planning materiality, namely $3.9m (2021: $1.1m). 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 $0.8m to $2.9m (2021: $0.3m to $0.8m).

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 $0.2m (2021: $0.1m), which is set at 5% (2021: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

The increase seen in our reporting threshold compared to the prior year is due to the improved trading performance of the Group which has resulted in the profit before tax used in calculating our materiality being higher than in the prior year.

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

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 89, including the Strategic Report, set out on pages 6 to 53, Corporate Governance Report, set out on pages 54 to 89, and additional information set out on pages 142 to 144 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 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 40;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 38 and 39;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 40;
- Directors' statement on fair, balanced and understandable set out on page 89;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 41 to 49;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 41 and 69 and 70; and
- The section describing the work of the Audit Committee set out on pages 66 to 70.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 4imprint Group plc

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 89, 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 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 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 relate 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 senior management executives, those responsible for legal and compliance procedures, the General Counsel and the Company Secretary. We corroborated our enquiries through our review of Board minutes, Business Risk Management Committee minutes, papers provided to the Audit Committee and attendance at meetings of the Audit Committee and members of the senior executive team, and from reviewing 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. In doing so, we considered investor focus and management remuneration in the current year and next year which may create an incentive for management to manipulate earnings. 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 manual journal entries which met our defined risk criteria based on our understanding of the business, enquiries of the General Counsel, Group management and senior management executives of full and specific scope components. We inspected the volume and nature of complaints by the whistleblowing hotline during the year; and any past or present pending or threatened litigation or claims against the Group and its components; and
- 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.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were reappointed by the Company on 18 May 2021 to audit the financial statements for the period ending 1 January 2022 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the 52 week period ended 28 December 2019, the 53 week period ended 2 January 2021, the 52 week period ended 1 January 2022 and the 52 week period ended 31 December 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
14 March 2023

GROUP INCOME STATEMENT

for the 52 weeks ended 31 December 2022

	Note	**2022 $'000**	2021 $'000
Revenue	1	**1,140,286**	787,322
Operating expenses	2	**(1,037,384)**	(756,676)
Operating profit	1	**102,902**	30,646
Finance income		**1,162**	33
Finance costs		**(425)**	(435)
Pension finance income/(charge)		**67**	(15)
Net finance income/(cost)	4	**804**	(417)
Profit before tax		**103,706**	30,229
Taxation	5	**(23,563)**	(7,643)
Profit for the period		**80,143**	22,586

		Cents	Cents
Earnings per share			
Basic	6	**285.57**	80.46
Diluted	6	**284.95**	80.26

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 31 December 2022

	Note	**2022 $'000**	2021 $'000
Profit for the period		**80,143**	22,586
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences	24	**(1,614)**	(97)
Items that will not be reclassified subsequently to the income statement:			
Return on pension scheme assets (excluding interest income)	18	**(16,374)**	(1,391)
Re-measurement gains on post-employment obligations	18	**11,916**	2,506
Tax relating to components of other comprehensive income	5	**1,756**	(1,411)
Other comprehensive income for the period, net of tax		**(4,316)**	(393)
Total comprehensive income for the period, net of tax		**75,827**	22,193

GROUP BALANCE SHEET

at 31 December 2022

	Note	2022 $'000	2021 $'000
Non-current assets			
Property, plant and equipment	8	**29,255**	24,667
Intangible assets	9	**957**	1,045
Goodwill	10	**1,010**	–
Right-of-use assets	11	**13,103**	11,725
Deferred tax assets	12	**2,381**	600
Retirement benefit asset	18	**1,234**	1,974
		47,940	40,011
Current assets			
Inventories	13	**18,090**	20,559
Trade and other receivables	14	**87,511**	63,589
Current tax debtor		**–**	2,034
Other financial assets – bank deposits	15	**34,913**	–
Cash and cash equivalents	15	**51,839**	41,589
		192,353	127,771
Current liabilities			
Lease liabilities	16	**(1,435)**	(1,150)
Trade and other payables	17	**(84,761)**	(71,877)
Current tax creditor		**(1,205)**	–
		(87,401)	(73,027)
Net current assets		**104,952**	54,744
Non-current liabilities			
Lease liabilities	16	**(12,315)**	(10,939)
Deferred tax liabilities	19	**(357)**	(850)
		(12,672)	(11,789)
Net assets		**140,220**	82,966
Shareholders' equity			
Share capital	22	**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves	24	**4,406**	6,020
Retained earnings		**48,521**	(10,347)
Total Shareholders' equity		**140,220**	82,966

The financial statements on pages 100 to 130 were approved by the Board of Directors on 14 March 2023 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 31 December 2022

	Share capital $'000	Share premium reserve $'000	Other reserves (note 24) $'000	Retained earnings Own shares $'000	Retained earnings Profit and loss $'000	Total equity $'000
Balance at 3 January 2021	18,842	68,451	6,117	(581)	(27,458)	65,371
Profit for the period					22,586	22,586
Other comprehensive income						
Currency translation differences			(97)			(97)
Re-measurement gains on post-employment obligations					1,115	1,115
Tax relating to components of other comprehensive income (note 5)					(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 5)					5	5
Deferred tax relating to UK tax losses (note 5)					(228)	(228)
Dividends					(4,134)	(4,134)
Balance at 1 January 2022	18,842	68,451	6,020	(851)	(9,496)	82,966
Profit for the period					**80,143**	**80,143**
Other comprehensive income						
Currency translation differences			**(1,614)**			**(1,614)**
Re-measurement losses on post-employment obligations					**(4,458)**	**(4,458)**
Tax relating to components of other comprehensive income (note 5)					**1,756**	**1,756**
Total comprehensive income			**(1,614)**		**77,441**	**75,827**
Proceeds from options exercised					**344**	**344**
Own shares utilised				**1,191**	**(1,191)**	**–**
Own shares purchased				**(1,210)**		**(1,210)**
Share-based payment charge					**815**	**815**
Deferred tax relating to share options (note 5)					**52**	**52**
Deferred tax relating to UK tax losses (note 5)					**148**	**148**
Dividends					**(18,722)**	**(18,722)**
Balance at 31 December 2022	**18,842**	**68,451**	**4,406**	**(870)**	**49,391**	**140,220**

GROUP CASH FLOW STATEMENT

for the 52 weeks ended 31 December 2022

	Note	**2022 $'000**	2021 $'000
Cash flows from operating activities			
Cash generated from operations	25	**97,040**	18,257
Tax paid		**(20,755)**	(6,414)
Finance income received		**1,130**	33
Finance costs paid		**(33)**	(65)
Lease interest	16	**(398)**	(377)
Net cash generated from operating activities		**76,984**	11,434
Cash flows from investing activities			
Purchases of property, plant and equipment		**(7,719)**	(3,083)
Purchases of intangible assets		**(341)**	(382)
Proceeds from sale of property, plant and equipment		**49**	–
Consideration for business combination	10	**(1,700)**	–
Increase in current asset investments – bank deposits		**(35,003)**	–
Net cash used in investing activities		**(44,714)**	(3,465)
Cash flows from financing activities			
Capital element of lease payments	16	**(1,225)**	(1,117)
Proceeds from share options exercised		**344**	–
Purchases of own shares		**(1,210)**	(843)
Dividends paid to Shareholders	7	**(18,722)**	(4,134)
Net cash used in financing activities		**(20,813)**	(6,094)
Net movement in cash and cash equivalents		**11,457**	1,875
Cash and cash equivalents at beginning of the period		**41,589**	39,766
Exchange losses on cash and cash equivalents		**(1,207)**	(52)
Cash and cash equivalents at end of the period	15	**51,839**	41,589

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.

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 is still developing and therefore all possible future outcomes are uncertain, risks known to the Group have been considered in forming 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 29 June 2024, 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 2022 Annual Report.
- The principal risks and uncertainties facing the Group, as outlined in the Principal Risks & Uncertainties section on pages 41 to 49 of the 2022 Annual Report and further detailed below.
- Information contained in the Financial Review concerning the Group's financial position, cash flows and liquidity.
- Regular management reporting and updates from the Executive Directors.
- Recent detailed financial forecasts and analysis.

Principal risks and uncertainties

The Directors have carefully considered the Group's principal risks and uncertainties in assessing the Group's prospects, which include strategic risks, operational risks, reputational risks, and environmental risks. Whilst all the risks identified could have an impact on the Group, given the prevailing external climate and potential to impact the Group's financial position and longer-term viability, macroeconomic and environmental risks are considered in further detail below.

Macroeconomic risks

Whilst the risk of a negative effect on demand for our products from the pandemic is considered to have receded during the year, the macroeconomic and geopolitical environment remains challenging.

The ongoing uncertainty associated with the outlook for a potential global recession and continued geopolitical unrest poses downside risks to growth and the cost base. Inflationary pressures (mainly in relation to product, transportation, and labour costs) have persisted since the onset of the pandemic although the impact on the business has to date been successfully mitigated through appropriate and timely adjustments to the customer proposition, the marketing mix and expense budgets. In addition, the maintenance of high levels of liquidity has facilitated continued investment in the business for future growth.

The operational and financial resilience of the business through the pandemic and current economic and political uncertainty, coupled with the strong financial position of the Group, give the Board confidence that the strategy, competitive position, and business model remain entirely relevant and that despite residual uncertainty as to future market conditions, the Group expects to be in a good position both to withstand further economic stress and to take market share opportunities as they arise.

The potential impacts from the current macroeconomic risks and associated mitigating actions have been reflected in the demand and cost assumptions of the financial forecasts used to assess viability and going concern.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Going concern continued

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, the installation of a solar panel array at our distribution centre in Oshkosh, the introduction of our Better Choices™ programme to make it easier for our customers to find products with the characteristics that are most important to them, and participation in the UPS carbon neutral shipping programme. 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 its strategic objectives and sees climate change and other aspects of environmental stewardship as a fundamental part of a commitment to build a commercially and environmentally sustainable business that delivers value to all stakeholders.

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

Assessment of going concern

Whilst the principal risks and uncertainties outlined on pages 41 to 49 of the 2022 Annual Report could all have an impact on the Group's performance, 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. Over the three-year period 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. These 'downside' scenarios assume a significant deterioration in demand patterns during 2023, similar to those experienced in 2020 when the pandemic started, with order volumes for the first year of the three-year forecast period dropping back to around 70% of 2022 levels, before gradually recovering back to 2022 order levels by 2025. Marketing and direct costs were flexed in line with revenue, capital expenditure was moderated to reflect the reduction in demand, and dividend payments were reduced in line with earnings per share, but other payroll and overhead costs remained at 2022 levels with an allowance for inflationary increases. These 'downside' scenarios are intended to simulate a severe shock to demand resulting in sustained diminished corporate demand in a downsized promotional products market.

Even under the severe stress built into the 'downside' models, the Group retains strong 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 the onset of the pandemic in 2020, its ability to flex its marketing and other costs to mitigate the impact of falls in revenue 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 2024 and a small overdraft facility with its UK bankers that expires on 31 December 2023, 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 low fixed cost base, and enters the 2023 financial year with a strong cash and bank deposits position of $86.8m, enabling it to remain cash positive even under severe economic stress.

Going concern

Based on their assessment, the Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern from the date the financial statements are approved until 29 June 2024. 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.

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

Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the application of accounting 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.

Critical accounting judgments are those judgments, apart from those involving estimations, that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key assumptions and sources of estimation uncertainty are those that have a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year.

Management considers the following to be the critical accounting judgments and key assumptions and sources of estimation uncertainty:

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.

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 management's 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 assumptions and sources of estimation uncertainty

Pensions

As detailed in note 18, the Group sponsors a defined benefit pension scheme closed to new members and future accrual. 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 18.

Other areas of judgment and accounting estimates

The consolidated financial statements include other areas of judgment and accounting estimates. Whist these areas do not meet the IAS 1 definition of critical accounting judgments or significant accounting estimates, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or uncertainties. The other areas of judgment and accounting estimates include the estimation of the future cash flows of subsidiary companies and the determination of appropriate discount rates, growth rates, and probability of default rates necessary for undertaking impairment reviews and assessing the recoverability of assets (refer to note 8 for further information on the impairment review process), and levels of provisions required in relation to trade and other receivables (refer to note 14) and inventories (refer to note 13).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 on 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. 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.

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 (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.

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.

Current income tax 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 income 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 on an undiscounted basis 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 or losses 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 proportion to the origin of those losses.

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.

Dividends

Final equity dividends and where relevant, special 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.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the consideration transferred. Identifiable assets acquired 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.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the combination. Goodwill is not amortised but is reviewed annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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 accrual. 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 cost using the effective interest rate method. Arrangement fees are amortised over the life of the borrowing.

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.

Annual Improvements to IFRS Standards 2018-2020 Cycle (effective 1 January 2022)
Amendments to IFRS 3 – Reference to the Conceptual Framework (effective 1 January 2022)
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (1 January 2022)
Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract (1 January 2022)
IFRS 17 Insurance Contracts (effective 1 January 2023)
Amendments to IFRS 17 – Initial Application of IFRS 17 & IFRS 9 – Comparative Information (effective 1 January 2023)
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2023)*
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)
Amendments to IAS 8 – Definition of Accounting Estimates (1 January 2023)
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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Segmental reporting

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented based on the Group's internal reporting to the Board.

At 31 December 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	**2022 $'000**	2021 $'000
North America	**1,120,517**	773,710
UK & Ireland	**19,769**	13,612
Total Group revenue	**1,140,286**	787,322

Profit	**2022 $'000**	2021 $'000
North America	**107,965**	36,006
UK & Ireland	**(54)**	(1,464)
Operating profit from Direct Marketing operations	**107,911**	34,542
Head Office costs	**(5,009)**	(3,896)
Operating profit	**102,902**	30,646
Net finance income/(cost) (note 4)	**804**	(417)
Profit before tax	**103,706**	30,229

Other segmental information

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000
North America	**146,401**	120,284	**(95,817)**	(81,674)	**7,998**	3,415	**(3,537)**	(3,135)	**(1,915)**	(1,756)
UK & Ireland	**3,175**	3,017	**(3,345)**	(2,618)	**36**	50	**(52)**	(99)	**(17)**	(21)
Head Office	**90,717**	44,481	**(911)**	(524)	**26**	–	**(5)**	(3)	**–**	–
	240,293	167,782	**(100,073)**	(84,816)	**8,060**	3,465	**(3,594)**	(3,237)	**(1,932)**	(1,777)

Head Office assets include other financial assets – bank deposits, cash and cash equivalents, deferred tax assets and the retirement benefit asset. Head Office liabilities include other payables and accruals.

Geographical analysis of revenue and non-current assets

2022	**North America $'000**	**UK $'000**	**All other countries $'000**	**Total $'000**
Total revenue by destination	**1,120,723**	**18,835**	**728**	**1,140,286**
Property, plant and equipment	**28,506**	**749**	**–**	**29,255**
Intangible assets	**913**	**44**	**–**	**957**
Goodwill	**1,010**	**–**	**–**	**1,010**
Right-of-use assets	**13,103**	**–**	**–**	**13,103**

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

2 Operating expenses

	Note	2022 $'000	2021 $'000
The following items have been charged/(credited) in arriving at operating profit:			
Purchase of goods for resale and consumables		**744,906**	518,944
Changes in inventories		**2,469**	(9,288)
Impairment loss on trade receivables	14	**4,773**	1,669
Staff costs	3	**86,819**	66,918
Marketing expenditure (excluding staff costs)		**121,216**	120,317
Depreciation of property, plant and equipment	8	**3,594**	3,237
Amortisation of intangible assets	9	**424**	437
Amortisation of right-of-use assets	11	**1,508**	1,340
Short-term and low value operating lease payments	16	**213**	168
Defined benefit pension scheme administration costs	18	**521**	340
Net exchange losses		**237**	67
Other operating expenses*		**70,704**	52,527
		1,037,384	756,676

* Other operating expenses comprise various other operating expenses, the largest items of which relate to credit card charges, medical insurance and facility costs.

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

	2022 $'000	2021 $'000
Fees payable to the Company's auditor for the audit of the Parent Company and audit of consolidated financial statements	**596**	457
Fees payable to the Company's auditor and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	**28**	28
	624	485

3 Employees

Staff costs	Note	2022 $'000	2021 $'000
Wages and salaries		**77,750**	59,616
Social security costs		**5,701**	4,578
Pension costs – defined contribution plans	18	**2,533**	2,117
Share option charges	23	**815**	602
Social security costs in respect of share options	23	**20**	5
		86,819	66,918

Average monthly number of people (including Executive Directors) employed	2022 Number	2021 Number
Distribution and production	**545**	446
Sales and marketing	**538**	494
Administration	**227**	209
	1,310	1,149

Key management compensation	2022 $'000	2021 $'000
Salaries, fees and short-term employee benefits	**2,192**	1,332
Social security costs	**91**	87
Pension costs – defined contribution plans	**24**	22
Share option charges	**134**	79
Social security costs in respect of share options	**2**	1
	2,443	1,521

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Employees continued

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

Directors' remuneration	2022 $'000	2021 $'000
Aggregate emoluments	**2,192**	1,332
Pension costs – defined contribution plans	**24**	22

4 Net finance income/(cost)

	2022 $'000	2021 $'000
Finance income/(cost)		
Bank and other interest receivable	**1,162**	33
Bank interest payable	**(27)**	(58)
Lease interest charge (note 16)	**(398)**	(377)
Pension finance income/(charge) (note 18)	**67**	(15)
Net finance income/(cost)	**804**	(417)

5 Taxation

	2022 $'000	2021 $'000
Current tax		
UK tax – current	**1,191**	–
Overseas tax – current	**23,970**	5,910
Overseas tax – prior periods	**24**	15
Total current tax	**25,185**	5,925
Deferred tax		
Origination and reversal of temporary differences	**(1,537)**	1,718
Adjustment in respect of prior periods	**(85)**	–
Total deferred tax (notes 12 and 19)	**(1,622)**	1,718
Taxation	**23,563**	7,643

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:

	2022 $'000	2021 $'000
Profit before tax	**103,706**	30,229
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**25,440**	7,087
Effects of:		
Adjustments in respect of prior periods	**(61)**	15
Expenses not deductible for tax purposes and non-taxable income	**(16)**	4
Other differences	**(417)**	62
UK tax losses utilised in the period	**(196)**	(274)
UK losses (recognised)/de-recognised for deferred tax	**(1,187)**	749
Taxation	**23,563**	7,643

'Other differences' includes adjustments in respect of share options, US leases and a US Federal tax credit of $472k for the investment in a solar array at the Oshkosh distribution centre.

'UK losses (recognised)/de-recognised for deferred tax' relates to changes to the deferred tax asset in respect of brought forward UK tax losses which are forecast to be utilised against UK taxable profits over the next three years.

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

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

	2022 $'000	2021 $'000
Current tax relating to post-employment obligations	**1,191**	–
Deferred tax relating to post-employment obligations (note 12)	**(344)**	(213)
Deferred tax relating to UK tax losses (note 12)	**876**	(1,198)
Effect of change in UK tax rate (note 12)	**33**	–
	1,756	(1,411)

Income tax credited/(debited) to equity is as follows:

	2022 $'000	2021 $'000
Deferred tax relating to UK tax losses (note 12)	**148**	(228)
Deferred tax relating to share options (note 19)	**52**	5
	200	(223)

6 Earnings per share

Basic and diluted

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

	2022 $'000	2021 $'000
Profit after tax	**80,143**	22,586

	2022 Number '000	2021 Number '000
Basic weighted average number of shares	**28,064**	28,072
Adjustment for employee share options	**61**	68
Diluted weighted average number of shares	**28,125**	28,140

	2022 Cents	2021 Cents
Basic earnings per share	**285.57**	80.46
Diluted earnings per share	**284.95**	80.26

The basic weighted average number of shares excludes shares held in the 4imprint Group plc employee benefit trust. The effect of this is to reduce the average number by 21,632 (2021: 13,888).

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		**2022 $'000**	2021 $'000
Interim paid:	40.00c (2021: 15.00c)	**10,587**	4,134
Final paid:	30.00c (2021: 00.00c)	**8,135**	–
		18,722	4,134

The Directors are proposing a final regular dividend in respect of the period ended 31 December 2022 of 120.00c per share, as well as a special dividend of 200.00c per share. Subject to Shareholder approval at the AGM, these dividends are payable on 1 June 2023 to Shareholders registered on 5 May 2023. These financial statements do not reflect these proposed dividends.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Property, plant and equipment

	Land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 2 January 2022	18,970	21,177	2,880	43,027
Additions	2,694	4,458	567	7,719
Acquisition of a business (note 10)	–	686	4	690
Disposals	–	(207)	(397)	(604)
Exchange difference	(91)	(52)	(6)	(149)
At 31 December 2022	**21,573**	**26,062**	**3,048**	**50,683**
Depreciation:				
At 2 January 2022	3,711	13,187	1,462	18,360
Charge for the period	601	2,262	731	3,594
Disposals	–	(74)	(397)	(471)
Exchange difference	(13)	(38)	(4)	(55)
At 31 December 2022	**4,299**	**15,337**	**1,792**	**21,428**
Net book value at 31 December 2022	**17,274**	**10,725**	**1,256**	**29,255**

Freehold land with a value of $1,006,000 (2021: $1,034,000) has not been depreciated.

	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

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 (see note 10 for details on the impairment testing of goodwill). For the purposes of impairment testing, the Group is considered to have two cash-generating units (CGUs), being the US and UK businesses.

An assessment of both the US and UK CGUs did not identify any indications of impairment and accordingly, no indicator-based impairment testing has been undertaken. The US CGU has reported strong demand levels and financial results in 2022. Following the lifting of the COVID-19 Plan B measures in the UK on 27 January 2022 which impacted results in the first two months of 2022, the UK CGU has made a good recovery from the lingering effects of the pandemic. This improvement has been reflected in improved demand and a return to profitability for the CGU for the ten months from March to December 2022.

The external environment continues to remain uncertain, manifesting in rising interest rates, high inflation, and low economic growth. Despite these factors being present, both the US and UK businesses have shown the resilient nature of their operations and managed to grow significantly against 2021. These external factors are therefore not considered to represent impairment indicators themselves.

9 Intangible assets

Computer software	2022 $'000	2021 $'000
Cost:		
At start of period	**2,509**	2,546
Additions	**341**	382
Disposals	**(368)**	(417)
Exchange difference	**(16)**	(2)
At end of period	**2,466**	2,509
Amortisation:		
At start of period	**1,464**	1,446
Charge for the period	**424**	437
Disposals	**(368)**	(417)
Exchange difference	**(11)**	(2)
At end of period	**1,509**	1,464
Net book value at end of period	**957**	1,045

The average remaining life of intangible assets is 2.3 years (2021: 2.4 years).

Impairment review

See notes 8 and 10 (goodwill) for details of the impairment review undertaken for the Group's non-current assets.

10 Business combinations

Acquisition of screen-printing business

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

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

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

	Fair value recognised on acquisition $'000
Assets	
Property, plant and equipment	686
Computer hardware	4
Right-of-use assets	111
	801
Liabilities	
Lease liabilities	(111)
	(111)
Total identifiable net assets at fair value	**690**
Goodwill arising on acquisition	1,010
Purchase consideration transferred	**1,700**
Analysis of cash flows on acquisition:	
Cash paid	1,700
Net cash flow on acquisition	**1,700**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Business combinations continued

In addition to the purchase consideration transferred, a potential further $560,000 is payable in annual instalments over the five-year period following closing, subject to certain conditions being satisfied, including the continued employment of the selling shareholder with the Group. These contingent payments constitute remuneration for future services and will be expensed to profit and loss as services are rendered; $67,000 has been recognised in operating expenses in the income statement and in trade and other payables in the balance sheet.

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

	Goodwill $'000
Cost	
At 2 January 2022	–
Acquisition of screen-printing trade and assets	1,010
At 31 December 2022	**1,010**

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

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

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

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

As required by IAS 36 'Impairment of Assets', goodwill is required to be tested for impairment annually. The screen-printing operations contribute to the cash flows of the US CGU and therefore the goodwill arising on acquisition has been tested in conjunction with the other assets of that CGU. The recoverable amount of the US CGU exceeds the carrying amount of the assets and thus no impairment of the goodwill balance is required.

Total acquisition-related transaction costs of $17,000 have been included in operating expenses in the income statement and are part of operating cash flows in the cash flow statement.

11 Right-of-use assets

	Leasehold land and buildings $'000
Cost:	
At 2 January 2022	15,784
Additions*	2,886
At 31 December 2022	**18,670**
Depreciation:	
At 2 January 2022	4,059
Charge for the period	1,508
At 31 December 2022	**5,567**
Net book value at 31 December 2022	**13,103**

* New leases were entered for premises relating to the acquisition of a screen-printing business during the year (see notes 10 and 16).

	Leasehold land and buildings $'000
Cost:	
At 3 January 2021	15,784
Additions	–
At 1 January 2022	15,784
Depreciation:	
At 3 January 2021	2,719
Charge for the period	1,340
At 1 January 2022	4,059
Net book value at 1 January 2022	11,725

Impairment review

See notes 8 and 10 (goodwill) for details of the impairment review undertaken for the Group's non-current assets.

12 Deferred tax assets

	2022 $'000	2021 $'000
At start of period	**600**	4,272
Deferred tax credited/(charged) to income statement	**1,182**	(2,055)
Deferred tax credited/(charged) to other comprehensive income	**532**	(1,411)
Deferred tax credited/(charged) to equity	**148**	(228)
Effect of change in UK tax rate in other comprehensive income	**33**	–
Exchange difference	**(114)**	22
At end of period	**2,381**	600

The deferred tax asset at 31 December 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 (2021: 19%) and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (2021: 19%); and 25% (2021: 25%) in respect of US deferred tax items.

Trading forecasts approved by the Board and covering a three-year period support the recoverability of the recognised deferred tax assets. The forecasts used for this review were the forecasts used for impairment testing and the going concern and viability assessment and covered the three-year period from 2023 to 2025.

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.

$0.2m of the deferred tax asset is expected to reverse within the next twelve months (2021: $0.6m).

The movement in the deferred tax asset during the period is 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	Pension $'000	UK tax losses $'000	Total $'000
At 2 January 2022	3	597	–	600
Deferred tax credited/(charged) to income statement	(5)	–	1,187	1,182
Deferred tax credited/(charged) to other comprehensive income	–	(344)	876	532
Deferred tax credited to equity	–	–	148	148
Effect of change in UK tax rate in other comprehensive income	–	33	–	33
Exchange difference	(1)	(54)	(59)	(114)
At 31 December 2022	**(3)**	**232**	**2,152**	**2,381**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Deferred tax assets continued

	Depreciation/ capital allowances $'000	Pension $'000	UK tax losses $'000	Total $'000
At 3 January 2021	3	2,111	2,158	4,272
Deferred tax charged to income statement	–	(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

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 and the use of brought forward losses over the next three years, a deferred tax asset for UK tax losses has been 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 $20.8m (2021: $34.0m) which are not forecast to be utilised in the next three years. These losses have no expiry date and may be available for offset against future profits.

13 Inventories

	2022 $'000	2021 $'000
Finished goods and goods for resale	**18,090**	20,559

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. $13,032,000 (2021: $16,753,000) of the inventories balance relates to goods in transit to customers at the balance sheet date. Provisions held against inventory total $60,000 (2021: $70,000).

During the period there was a credit to the income statement of $10,000 in respect of provisions for slow-moving and obsolete stock (2021: $111,000). The nominal provisions held against inventories reflect 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.

14 Trade and other receivables

	2022 $'000	2021 $'000
Trade receivables – gross	**66,163**	48,700
Provision for credits	**(2,342)**	(1,808)
Provision for impairment of trade receivables	**(4,793)**	(1,669)
Trade receivables – net	**59,028**	45,223
Other receivables	**21,264**	14,104
Prepayments	**7,219**	4,262
	87,511	63,589

The provision for credits, which covers promises made in our proposition to customers (page 15), has increased in line with trading activity.

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 includes invoiced receivables and unbilled accrued revenue, taking into account the uncertainty arising from the current challenging macroeconomic and geopolitical environment and the related risks to general economic conditions and growth. 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 $4,773,000 (2021: $1,669,000). 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 $18,702,000 (2021: $12,596,000).

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

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	2022 $'000	2021 $'000
Up to 3 months	**15,741**	12,169
3 to 6 months	**7,295**	2,660
Over 6 months	**1,928**	199
	24,964	15,028

The ageing of impaired trade receivables is as follows:

Time past due date	2022 $'000	2021 $'000
Current	**493**	657
Up to 3 months	**713**	581
3 to 6 months	**1,529**	344
Over 6 months	**2,058**	87
	4,793	1,669

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

	2022		2021	
Age of trade receivable	Amount $'000	Provision %	Amount $'000	Provision %
Current	**34,557**	**1.4**	30,852	2.1
31 – 60 days	**10,781**	**2.9**	8,109	2.8
61 – 90 days	**5,673**	**7.0**	4,641	7.6
91 – 180 days	**8,824**	**17.3**	3,004	11.5
181 – 365 days	**3,864**	**50.1**	270	27.4
Over 365 days	**122**	**100.0**	16	81.3

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:

	2022 $'000	2021 $'000
Sterling	**2,647**	2,356
US dollars	**80,399**	57,357
Euros	**71**	75
Canadian dollars	**4,394**	3,801
	87,511	63,589

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Trade and other receivables continued

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

	2022 $'000	2021 $'000
At start of period	**1,669**	866
Utilised	**(1,643)**	(866)
Provided	**4,773**	1,669
Exchange difference	**(6)**	–
At end of period	**4,793**	1,669

15 Other financial assets and cash and cash equivalents

	2022 $'000	2021 $'000
Other financial assets – bank deposits	**34,913**	–

	2022 $'000	2021 $'000
Cash at bank and in hand	**51,839**	41,589

Other financial assets comprise bank deposits with an original maturity in excess of three months but not greater than one year.

16 Leases

The Group leases premises in Oshkosh and Appleton, Wisconsin. The lease for office premises in Oshkosh, which was renewed in 2020, has a five-year term with a five-year extension option. New leases entered during the period as part of the strategic decision to bring screen-printing capability in-house are as follows:

- A seventeen-month sublease on premises in Oshkosh entered as part of the acquisition of the trade and assets of Fox Graphics Ltd (see note 10) resulted in additions to the lease liability and right-of-use asset of $111k respectively.
- A new ten-year lease on premises in Appleton was subsequently entered into to facilitate the expansion of the screen-printing operations, adding $2,775k to lease liabilities and right-of-use assets respectively. 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 $0.1m respectively.

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 11.

Lease liabilities	2022 $'000	2021 $'000
Due within one year	**1,435**	1,150
Due in two to three years	**2,955**	2,407
Due in four to five years	**3,449**	2,733
Due in over five years	**5,911**	5,799

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

	2022 $'000	2021 $'000
At start of period	**12,089**	13,206
Additions	**2,886**	–
Interest charge	**398**	377
Lease interest payments – operating cash flow	**(398)**	(377)
Lease capital payments – financing cash flow	**(1,225)**	(1,117)
At end of period	**13,750**	12,089

The amounts recognised in the income statement are as follows:

	2022 $'000	2021 $'000
Depreciation of right-of-use assets (note 11)	**1,508**	1,340
Interest expense on lease liabilities	**398**	377
Short-term and low value leases	**213**	168
	2,119	1,885

The cash outflow on leases in the period was $1,836,000 (2021: $1,662,000).

17 Trade and other payables – current

	2022 $'000	2021 $'000
Trade payables	**59,672**	51,065
Other tax and social security payable	**5,572**	3,708
Other payables	**278**	186
Contract liabilities	**8,647**	10,434
Accruals	**10,592**	6,484
	84,761	71,877

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.

Contract liabilities represents the Group's obligation to transfer goods to customers for which payment has been received in advance. The closing balance has reduced to $8.65m from $10.43m in 2021 reflecting the improvement in supply chain conditions through the period. The opening contract liabilities balance of $10.43m has been recognised as revenue in 2022 (opening contract liabilities balance recognised as revenue in 2021 was $5.90m).

The Group expects to complete its remaining performance obligations in respect of the closing contract liabilities balance of $8.65m and recognise the full amount as revenue in 2023.

18 Employee pension schemes

The Group operates defined contribution plans for its UK and US employees. The regular contributions are charged to the income statement as they are incurred. The charges recognised in the income statement are:

	2022 $'000	2021 $'000
Defined contribution plans – employers' contributions (note 3)	**2,533**	2,117

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:

	2022 $'000	2021 $'000
Administration costs paid by the scheme	**521**	340
Pension finance (income)/charge (note 4)	**(67)**	15
Total defined benefit pension charge	**454**	355

The amounts recognised in the balance sheet comprise:

	2022 $'000	2021 $'000
Present value of funded obligations	**(20,290)**	(37,826)
Fair value of scheme assets	**21,524**	39,800
Net asset recognised on the balance sheet	**1,234**	1,974

The funds of the scheme are held in trust and administered by a corporate Trustee, to meet pension liabilities for 328 former 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18 Employee pension schemes continued

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 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 £2.53m 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 £0.31m, 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 31 December 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 3 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
Administration costs paid by the scheme	**(521)**	**–**	**(521)**
Interest (expense)/income	**(602)**	**669**	**67**
Return on scheme assets (excluding interest income)	**–**	**(16,374)**	**(16,374)**
Re-measurement losses due to changes in scheme experience	**(1,270)**	**–**	**(1,270)**
Re-measurement gains due to changes in demographic assumptions	**38**	**–**	**38**
Re-measurement gains due to changes in financial assumptions	**13,148**	**–**	**13,148**
Contributions by employer	**–**	**4,367**	**4,367**
Benefits paid	**3,071**	**(3,071)**	**–**
Exchange gain/(loss)	**3,672**	**(3,867)**	**(195)**
Balance at 31 December 2022	**(20,290)**	**21,524**	**1,234**

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

	2022		2021	
	$'000	**%**	$'000	%
Multi-asset credit fund	**0**	**0.0**	9,624	24.2
Sterling liquidity fund	**9,946**	**46.2**	7,051	17.7
Gilt funds	**3,879**	**18.0**	5,980	15.0
Index-linked gilt funds	**1,772**	**8.2**	4,376	11.0
Leveraged gilt funds	**4,227**	**19.7**	7,901	19.9
Leveraged index-linked gilt funds	**1,370**	**6.4**	3,737	9.4
Cash	**330**	**1.5**	1,131	2.8

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

It is the policy of the Trustee and the Company to review the investment strategy from time to time and at the time of each funding valuation. 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 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 https://investors.4imprint.com/governance/4imprint-2016-pension-plan.

The assets are held in 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:

	2022 %	2021 %
Rate of increase in pensions in payment	**3.08**	3.25
Rate of increase in deferred pensions	**2.66**	2.75
Discount rate	**4.82**	1.80
Inflation assumption – RPI	**3.16**	3.35
– CPI	**2.66**	2.75

The mortality assumptions adopted at 31 December 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:

	2022 Years	2021 Years
Male currently aged 45	**22.3**	22.3
Female currently aged 45	**24.2**	24.2
Male currently aged 65	**21.3**	21.3
Female currently aged 65	**23.1**	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 1.0%	+16.6%
Rate of inflation	Increase of 1.0%	+4.5%
Rate of mortality	Increase in life expectancy of one year	+3.6%

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 31 December 2022 is 15 years (2021: 19 years).

19 Deferred tax liabilities

	2022 $'000	2021 $'000
At start of period	**850**	1,193
Adjustment in respect of prior periods credited to income statement	**(85)**	–
Deferred tax credited to income statement	**(355)**	(337)
Deferred tax credited to equity	**(52)**	(5)
Exchange difference	**(1)**	(1)
At end of period	**357**	850

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Deferred tax liabilities continued

The deferred tax liability at 31 December 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 (2021: 19%) and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (2021: 19%); and 25% (2021: 25%) in respect of US deferred tax items.

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 2 January 2022	2,563	(1,713)	850
Adjustment in respect of prior periods credited to income statement	–	(85)	(85)
Deferred tax charged/(credited) to income statement	370	(725)	(355)
Deferred tax charged to equity	–	(52)	(52)
Exchange difference	(2)	1	(1)
At 31 December 2022	**2,931**	**(2,574)**	**357**

'Other' includes short-term timing differences and future deductions relating to conditional share awards for US employees of which $38,000 (2021: $151,000) is expected to reverse within the next twelve months.

	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 charged to equity	–	(5)	(5)
Exchange difference	(1)	–	(1)
At 1 January 2022	2,563	(1,713)	850

20 Borrowings

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

Borrowing facilities	**2022 $'000**	2021 $'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 2024. The Company also has an unsecured UK overdraft facility of £1.0m that is repayable on demand, which expires on 31 December 2023.

These facilities were undrawn at the year-end (2021: undrawn).

21 Financial risk management

The Group's activities expose it to a variety of financial risks including currency risk, credit risk, liquidity risk and capital risk.

Currency risk

The Group operates internationally and is exposed to various currency movements. Risk arises predominantly from the remittance of overseas earnings in US dollars. In addition, Group subsidiaries may make both sales and purchases in a currency other than their functional currency and have foreign currency trade receivables and trade payables in relation to these transactions.

The Group uses derivative financial instruments to partly hedge foreign currency cash flows arising from sales and purchases of goods, as well as remittances from its overseas subsidiaries. The Group does not hedge the currency exposure of profits and assets of its overseas subsidiaries or other financial transactions.

At 31 December 2022 the Group had no forward currency contracts outstanding (2021: none).

The movement in the exchange rates compared to the prior period increased profit after tax by $0.44m and decreased net assets by $5.16m. The average rate used to translate profits was US$1.24 (2021: US$1.38) and the closing rate was US$1.20 (2021: US$1.35).

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 $0.39m and net assets would have been increased at the period-end by $4.32m.

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:

Financial assets at amortised cost	**2022 $'000**	2021 $'000
Trade and other receivables (excluding prepayments) (note 14)	**80,292**	59,327
Other financial assets – bank deposits (note 15)	**34,913**	–
Cash and cash equivalents (note 15)	**51,839**	41,589
Financial liabilities at amortised cost		
Trade and other payables (excluding non-financial liabilities) (note 17)	**(76,114)**	(61,443)

Lease commitments	**2022 $'000**	2021 $'000
Due within one year	**1,870**	1,494
Due in two to three years	**3,685**	2,987
Due in four to five years	**3,970**	3,161
Due over five years	**6,268**	6,123

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 (2021: $nil).

Cash and bank deposits were held with the following banks at the period-end:

	2022 Rating	**2022 Deposit $'000**	2021 Rating	2021 Deposit $'000
Lloyds Bank plc	**Aa3**	**40,224**	Aa3	12,712
JPMorgan Chase Bank, N.A.	**Aa1**	**46,511**	Aa1	28,862
Other		**17**		15
		86,752		41,589

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 and UK banks. 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 20 and lease liabilities in note 16.

At 31 December 2022, the total other financial assets – bank deposits and cash and cash equivalents position (note 15) of the Group was $86.75m (2021: $41.59m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial risk management continued

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 38.

In 2022 the Company has provided returns to Shareholders in the form of dividends, details of which are included in note 7. Shares were purchased by an employee benefit trust to cover options maturing during the period and future maturities of the 2015 Incentive Plan and Deferred Bonus Plan.

22 Share capital

	2022 $'000	2021 $'000
Issued and fully paid		
28,085,530 (2021: 28,085,530) ordinary shares of 38$^{6}/_{13}$p each	**18,842**	18,842

All shares have the same rights.

The Company issued no ordinary shares in the period (2021: 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 2022	Number of option holders 2022	Number of ordinary shares 2021	Subscription price	Date exercisable From	Date exercisable To
US ESPP	17/05/21	**89,388**	**561**	97,624	$27.61	Jul 2023	Jul 2023
UK SAYE	25/09/19	**2,059**	**6**	13,880	£22.70	Nov 2022	Nov 2023
2015 Incentive Plan	28/03/19	**16,993**	**2**	39,285	$nil	Mar 2022	Mar 2029
2015 Incentive Plan	30/03/20	**12,640**	**7**	12,640	$nil	Mar 2023	Mar 2030
Total		**121,080**		163,429			

The weighted average exercise price for options outstanding at 31 December 2022 was £17.31 (2021: £14.16).

Details of share schemes are disclosed in note 23.

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 certain senior managers will be deferred into shares as awards of $nil cost options or conditional shares, based on the share price at 31 December of the relevant year. The awards will be made in a 42-day period following the announcement of the Group's full year results and the options will normally not be exercisable until at least three years from the date of the award, conditional upon the person still being in the employment of a Group Company. The awards to Executive Directors, from 4 March 2019, will not be exercisable until five years from the date of the award. It is expected that 26,366 options or conditional shares, with a total fair value of $1,357,105 will be awarded in respect of the 2022 bonus (2021: nil).

23 Share-based payments

Share options may be granted to senior management and, in addition, SAYE and ESPP schemes are offered to 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.

	2022 $'000	2021 $'000
Charge resulting from spreading the fair value of options	**815**	602
Social security costs in respect of share options	**20**	5
Total	**835**	607

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	561	6
Shares under option	89,388	2,059
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 2019 and 2020 are based on the share price at 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. The fair value of the expected awards to be made under the DBP of 26,366 options or conditional shares in respect of 2022 is based on the share price at 31 December 2022.

A reconciliation of option movements over the period is shown below:

	2022		2021	
	Number of shares	**Weighted average exercise price (£)**	Number of shares	Weighted average exercise price (£)
Outstanding at start of period	**163,429**	**14.16**	84,524	4.31
Granted	**0**	**0.00**	100,630	20.07
Forfeited/cancelled	**(7,721)**	**22.33**	(5,135)	21.18
Exercised	**(34,628)**	**8.08**	(16,590)	0.05
Outstanding at end of period	**121,080**	**17.31**	163,429	14.16
Exercisable at end of period	**–**	**–**	–	–

	2022				2021			
			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**	**29,633**	**0.82**	**0.82 to 0.88**	$0.00	51,925	1.14	1.14 to 1.47
£20 – 21	**$27.61**	**89,388**	**0.56**	**0.56**	$27.61	97,624	1.56	1.56
£22 – 23	**£22.70**	**2,059**	**0.33**	**0.83**	£22.70	13,880	0.83	1.33

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24 Other reserves

	Capital redemption reserve $'000	Cumulative translation differences $'000	Total $'000
Balance at 3 January 2021	369	5,748	6,117
Currency translation differences	–	(97)	(97)
Balance at 1 January 2022	369	5,651	6,020
Currency translation differences	**–**	**(1,614)**	**(1,614)**
Balance at 31 December 2022	**369**	**4,037**	**4,406**

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.

25 Cash generated from operations

	2022 $'000	2021 $'000
Profit before tax	**103,706**	30,229
Adjustments for:		
Depreciation of property, plant and equipment	**3,594**	3,237
Amortisation of intangible assets	**424**	437
Amortisation of right-of-use assets	**1,508**	1,340
Loss on disposal of property, plant and equipment	**84**	–
Share option charges	**815**	602
Net finance (income)/cost	**(804)**	417
Defined benefit pension administration charge	**521**	340
Contributions to defined benefit pension scheme	**(4,367)**	(4,589)
Changes in working capital:		
Decrease/(increase) in inventories	**2,469**	(9,288)
Increase in trade and other receivables	**(24,164)**	(26,831)
Increase in trade and other payables	**13,254**	22,363
Cash generated from operations	**97,040**	18,257

26 Contingent liabilities

The Group has a contingent liability of $493,000 in respect of potential payments for future services relating to the acquisition of a screen-printing business during the period (2021: none). See note 10 for further details.

27 Capital commitments

The Group had capital commitments contracted for but not provided for in the financial statements at 31 December 2022 for property, plant and equipment of $2.7m (2021: $nil).

28 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 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	A	**19**	3
Investments	B	**105,222**	105,030
Deferred tax assets	C	**1,286**	445
Retirement benefit asset	F	**1,025**	1,465
Other receivables	D	**258,816**	–
		366,368	106,943
Current assets			
Other receivables	D	**895**	244,948
Other financial assets – cash deposits		**29,000**	–
Cash and cash equivalents		**3,717**	9,083
		33,612	254,031
Current liabilities			
Amounts due to subsidiary companies	G	**(708)**	(118,721)
Other payables	E	**(828)**	(431)
		(1,536)	(119,152)
Net current assets		**32,076**	134,879
Non-current liabilities			
Amounts due to subsidiary companies	G	**(132,901)**	–
Net assets		**265,543**	241,822
Shareholders' equity			
Share capital	I	**10,802**	10,802
Share premium reserve		**38,575**	38,575
Capital redemption reserve		**208**	208
Retained earnings*		**215,958**	192,237
Total equity		**265,543**	241,822

* 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 £41,547,000 (2021: £6,220,000) is included in the retained earnings of the Company.

The financial statements on pages 131 to 141 were approved by the Board of Directors on 14 March 2023 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 31 December 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 3 January 2021	10,802	38,575	208	(410)	190,019	239,194
Profit for the period					6,220	6,220
Other comprehensive income						
Re-measurement gains on post-employment obligations					812	812
Deferred tax relating to components of other comprehensive income (note C)					(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 UK tax losses (note C)					(166)	(166)
Dividends					(3,030)	(3,030)
Balance at 1 January 2022	10,802	38,575	208	(617)	192,854	241,822
Profit for the period					**41,547**	**41,547**
Other comprehensive income						
Re-measurement losses on post-employment obligations					**(3,605)**	**(3,605)**
Current tax relating to components of other comprehensive income					**963**	**963**
Deferred tax relating to components of other comprehensive income (note C)					**457**	**457**
Total comprehensive income					**39,362**	**39,362**
Proceeds from options exercised					**279**	**279**
Own shares purchased				**(982)**		**(982)**
Own shares utilised				**949**	**(949)**	**–**
Share-based payment charge					**69**	**69**
Capital instrument granted to subsidiary					**590**	**590**
Deferred tax relating to UK tax losses (note C)					**120**	**120**
Dividends					**(15,717)**	**(15,717)**
Balance at 31 December 2022	**10,802**	**38,575**	**208**	**(650)**	**216,608**	**265,543**

* *See note J.*

COMPANY CASH FLOW STATEMENT

for the 52 weeks ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash used in operations	H	**(5,272)**	(5,395)
Tax paid		**–**	–
Finance income received		**17,605**	19,535
Finance costs paid		**(9,095)**	(9,386)
Net cash generated from operating activities		**3,238**	4,754
Cash flows from investing activities			
Purchases of property, plant and equipment		**(21)**	–
Dividends received		**36,438**	75
Return of capital contributions		**399**	111
Increase in current asset investments – bank deposits		**(29,000)**	–
Net cash generated from investing activities		**7,816**	186
Cash flows from financing activities			
Proceeds from share options exercised		**279**	–
Purchases of own shares		**(982)**	(617)
Dividends paid to Shareholders		**(15,717)**	(3,030)
Net cash used in financing activities		**(16,420)**	(3,647)
Net movement in cash and cash equivalents		**(5,366)**	1,293
Cash and cash equivalents at beginning of the period		**9,083**	7,790
Cash and cash equivalents at end of the period		**3,717**	9,083

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

General information

4imprint Group plc, registered number 177991, is a public limited company incorporated in England and Wales, domiciled in the UK and listed on the London Stock Exchange. Its registered office is 25 Southampton Buildings, London WC2A 1AL. The Company's financial statements are presented in Sterling. Numbers are shown in pounds thousands.

Basis of preparation

The financial statements have been prepared on a going concern basis (see going concern in basis of preparation section of the Group financial statements on pages 105 and 106 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 is still developing and therefore all possible future outcomes are uncertain, risks known to the Company have been considered in forming judgments, estimates and assumptions and in assessing viability and going concern. These considerations did not have a material impact on the financial statements.

Estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates that affect the application of accounting 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.

Critical accounting judgments are those judgments, apart from those involving estimations, that have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key assumptions and sources of estimation uncertainty are those that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year.

Management considers the following to be the critical accounting judgments and key assumptions and sources of estimation uncertainty:

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 Company anticipates that the surplus will be utilised during the life of the plan to address members' liabilities, the Company recognises the surplus in full on the basis that it is management's 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.

Amounts due from/due to subsidiary companies

The Company's $160,000,000 and £125,915,000 loans due from subsidiary companies, and $160,000,000 loans due to subsidiary companies, became repayable on 7 September 2022. These instruments were refinanced at maturity with new loans repayable on 7 September 2029 for the same principal amounts. In order to recognise these new loans at their respective fair values, the Company has made a judgment that the interest rates on the loans, as determined by a detailed transfer pricing study, represented prevailing market rates of interest for similar instruments with a similar credit rating. See notes D and G for further information.

Key assumptions and sources of estimation uncertainty

Pensions

As detailed in note 18, the Company sponsors a defined benefit pension scheme closed to new members and future accrual. 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 18.

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are the same as those adopted in the consolidated financial statements on pages 108 to 111 except for the investments and amounts owed by subsidiary companies 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 due from subsidiary companies

Amounts due from subsidiary companies 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 twelve-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 due from subsidiary companies are discounted when the time value of money is considered material.

A. Property, plant and equipment

	Fixtures & fittings £'000
Cost:	
At 3 January 2021	51
Additions	–
At 1 January 2022	51
Additions	21
Disposals	(22)
At 31 December 2022	**50**
Depreciation:	
At 3 January 2021	46
Charge for the period	2
At 1 January 2022	48
Charge for the period	4
Disposals	(21)
At 31 December 2022	**31**
Net book value at 31 December 2022	**19**
Net book value at 1 January 2022	3

B. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 3 January 2021	104,746
Capital contribution repaid by subsidiary undertaking	(111)
Capital contribution to subsidiary undertaking	395
At 1 January 2022	105,030
Capital contribution repaid by subsidiary undertaking	**(399)**
Capital contribution to subsidiary undertaking	**591**
At 31 December 2022	**105,222**

The capital contribution represents IFRS 2 'Share-based Payments' charges in respect of subsidiaries which will not be recharged until the options vest. £399,000 of prior years' capital contributions have been repaid in the year.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS CONTINUED

B. Investments continued

Subsidiary undertakings

The subsidiaries at 31 December 2022 are set out below. All of these subsidiaries are wholly owned and have ordinary share capital only, apart from 4imprint USA Limited which also has 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, UK. 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. The Company's investments in subsidiary undertakings are supported by the cash flows of the US and UK trading entities, being 4imprint, Inc. and 4imprint Direct Limited respectively.

An assessment of both the US and UK trading entities did not identify any indications of impairment and accordingly, no indicator-based impairment testing has been undertaken. The US trading entity has reported strong demand levels and financial results in 2022. Following the lifting of the COVID-19 Plan B measures on 27 January 2022 which impacted results in the first two months of 2022, the UK trading entity has made a good recovery from the lingering effects of the pandemic. This improvement has been reflected in improved demand and a return to profitability for the entity for the ten months from March to December 2022.

The external environment continues to remain uncertain, manifesting in rising interest rates, high inflation, and low economic growth. Despite these factors being present, both the US and UK entities have shown the resilient nature of their operations and managed to grow significantly against 2021. These external factors are therefore not considered to represent impairment indicators themselves.

C. Deferred tax assets

	2022 £'000	2021 £'000
At start of period	**445**	3,130
Deferred tax credited/(charged) to income statement	**264**	(1,494)
Deferred tax credited/(charged) to other comprehensive income	**431**	(1,025)
Deferred tax credited/(charged) to equity	**120**	(166)
Effect of change in UK tax rate in other comprehensive income	**26**	–
At end of period	**1,286**	445

Deferred tax analysis

	Pension £'000	ACA £'000	Losses £'000	Total £'000
At 2 January 2022	443	2	–	445
Deferred tax (charged)/credited to income statement	–	(3)	267	264
Deferred tax (charged)/credited to other comprehensive income	(278)	–	709	431
Deferred tax credited to equity	–	–	120	120
Effect of change in UK tax rate in other comprehensive income	26	–	–	26
At 31 December 2022	**191**	**(1)**	**1,096**	**1,286**

	Pension £'000	ACA £'000	Losses £'000	Total £'000
At 3 January 2021	1,546	2	1,582	3,130
Deferred tax charged to income statement	(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

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

	2022 £'000	2021 £'000
Deferred tax relating to post-employment obligations	**(278)**	(154)
Deferred tax relating to UK tax losses	**709**	(871)
Effect of change in UK tax rate	**26**	–
	457	(1,025)

The net deferred tax asset at 31 December 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 (2021: 19%), and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (2021: 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 and the use of brought forward losses over the next three years, a deferred tax asset for tax losses has been recognised in the period.

D. Other receivables

	2022 £'000	2021 £'000
Trading amounts due from subsidiary companies	**484**	317
Loans due from subsidiary companies	**258,816**	244,636
Expected credit loss allowance on amounts due from subsidiary companies	**–**	(329)
Net amount due from subsidiary companies	**259,300**	244,624
Other receivables	**315**	227
Prepayments and accrued income	**96**	97
	259,711	244,948
Less non-current portion: Amounts due from subsidiary companies	**(258,816)**	–
	895	244,948

Trading amounts due from subsidiary companies are repayable on demand and are non-interest-bearing.

The movements in the loans due from subsidiary companies are:

	£'000
At 3 January 2021	243,140
Exchange movement	1,496
At 1 January 2022	244,636
Exchange movement to 7 September 2022	**20,810**
New $160.00m and £125.92m loans	**265,446**
Repayment of $160.00m and £125.92m loans (due 7 September 2022)	**(265,446)**
Exchange movement between 7 September 2022 and 31 December 2022	**(6,630)**
At 31 December 2022	**258,816**

The Company's $160,000,000 and £125,915,000 loans due from subsidiary companies, and $160,000,000 loans due to subsidiary companies (see note G), became repayable on 7 September 2022. These instruments form part of the wider financing structure of the Group, the purpose of which was to maintain the gearing of the Group's US subgroup at an appropriate level, facilitate the repatriation of cash from the US to the UK, and manage cash flow volatility arising from the taxation of foreign exchange movements.

Having met these intended purposes, the Directors decided to refinance the intragroup financing structure, replacing the existing facilities with new seven-year facilities for the same principal amounts on arm's length terms.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS CONTINUED

D. Other receivables continued

New loans of $160,000,000 (with interest at 5.0% p.a.) and £125,915,000 (with interest at 4.0% p.a.) were entered into with the same subsidiary companies on 7 September 2022. These loans are repayable on 7 September 2029. The existing loans of $160,000,000 and £125,915,000 (interest at 8.0% – 8.2% p.a.) were fully satisfied by the subsidiary companies on 7 September 2022. The satisfaction payments for the existing loans were netted-off against the drawdown of the new loans under cash netting letters such that no cash movements arose.

Loans due from subsidiary companies of £258,816,000 (2021: £244,636,000) bear interest at market rates ranging from 4.0% to 5.0%. Included within the total amount due is a US dollar denominated loan of $160,000,000 (2022: £132,901,000; 2021: £118,721,000). The movement in the GBP equivalent balance between 2022 and 2021 is due to an exchange gain of £14,180,000 (2021: exchange gain of £1,496,000) arising from the movement in the Sterling to US dollar exchange rate.

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 £nil (2021: £329,000) has been recognised on the $160,000,000 intercompany loan to 4imprint US Group Inc. that is due on 7 September 2029. A transfer pricing review undertaken to support the refinancing of the intercompany loan structure during the period determined the borrower to have a synthetic credit rating of 'investment grade' and has therefore been assessed as having 'low credit risk'. Accordingly, the loan has been classified as 'stage 1 – performing', which requires twelve-month expected credit losses to be considered in determining the ECL provision.

Management has estimated the ECL's over the next twelve-months 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 twelve-month average cumulative default rates for US corporates, as calculated by external rating agencies. Prevailing economic conditions have been considered to determine if any adjustment is required to the historical default rates to reflect current conditions and future forecasts.

The reduction in the ECL provision from £329,000 in 2021 to £nil in 2022 reflects the improved assessment of the credit risk of the borrower, in particular the 'investment grade' synthetic credit rating and the strong financial results reported for 2022 following the impact of the pandemic in the prior years.

No credit losses are expected 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:

	2022 £'000	2021 £'000
Sterling	**126,810**	126,275
US dollars	**132,901**	118,673
	259,711	244,948

E. Other payables

	2022 £'000	2021 £'000
Other payables	**217**	121
Other tax and social security	**39**	40
Accruals	**572**	270
	828	431

F. Retirement benefit asset

The amount recognised in the balance sheet represents the net asset in respect of the closed defined benefit pension scheme. Full details of the defined benefit scheme are contained in note 18 on pages 123 to 125.

The Sterling analysis of the balance sheet amount is as follows:

	2022 £'000	2021 £'000
Present value of funded obligations	**(16,853)**	(28,067)
Fair value of scheme assets	**17,878**	29,532
Net asset recognised in the balance sheet	**1,025**	1,465

Changes in the present value of the net defined benefit asset are as follows:

	Present value of obligations £'000	Fair value of scheme assets £'000	Net asset/ (obligation) £'000
Balance at 3 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
Administration costs paid by the scheme	**(421)**	**–**	**(421)**
Interest (expense)/income	**(487)**	**541**	**54**
Return on scheme assets (excluding interest income)	**–**	**(13,243)**	**(13,243)**
Re-measurement losses due to changes in scheme experience	**(1,027)**	**–**	**(1,027)**
Re-measurement gains due to changes in demographic assumptions	**31**	**–**	**31**
Re-measurement gains due to changes in financial assumptions	**10,634**	**–**	**10,634**
Contributions by employer	**–**	**3,532**	**3,532**
Benefits paid	**2,484**	**(2,484)**	**–**
Balance at 31 December 2022	**(16,853)**	**17,878**	**1,025**

G. Amounts due to subsidiary companies

	2022 £'000	2021 £'000
Trading amounts due to subsidiary companies	**708**	–
Loans due to subsidiary companies	**132,901**	118,721
Net amount due to subsidiary companies	**133,609**	118,721
Less non-current portion: Loans due to subsidiary companies	**(132,901)**	–
	708	118,721

Trading amounts due to subsidiary companies are repayable on demand and are non-interest bearing.

The movements in the loans due to subsidiary companies are:

	£'000
At 3 January 2021	117,225
Exchange movement	1,496
At 1 January 2022	118,721
Exchange movement to 7 September 2022	**20,810**
New $160.00m loan	**139,531**
Repayment of $160.00m loans (due 7 September 2022)	**(139,531)**
Exchange movement between 7 September 2022 and 31 December 2022	**(6,630)**
At 31 December 2022	**132,901**

A new loan of $160,000,000 (with interest at 5.0% p.a.) was entered into with the same subsidiary undertaking on 7 September 2022. This loan is repayable on 7 September 2029. The existing loans of $160,000,000 (interest at 8.0% – 8.2% p.a.) were fully satisfied on 7 September 2022. The satisfaction payment for the existing loans was netted-off against the drawdown of the new loan under a cash netting letter such that no cash movements arose (see note D for further details).

The loans due to subsidiary companies are US dollar denominated and interest-bearing at a market rate of interest of 5.0%. The movement in the GBP equivalent balance between 2022 and 2021 is due to an exchange loss of £14,180,000 (2021: exchange loss of £1,496,000) arising from the movement in the Sterling to US dollar exchange rate.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS CONTINUED

H. Cash used in operations

	2022 £'000	2021 £'000
Profit before tax	**42,246**	7,714
Adjustments for:		
Depreciation of property, plant and equipment	**4**	2
Loss on disposal of property, plant and equipment	**1**	–
Share option charges	**69**	39
Impairment of loan to subsidiary	**(329)**	223
Dividends received	**(36,438)**	(75)
Net finance income	**(8,595)**	(10,143)
Defined benefit pension administration charge	**421**	248
Contributions to defined benefit pension scheme (note F)	**(3,532)**	(3,337)
Changes in working capital:		
Increase in trade and other receivables	**(14)**	(67)
Increase in trade and other payables	**354**	24
Movements in amounts due to/from subsidiary undertakings	**541**	(23)
Cash used in operations	**(5,272)**	(5,395)

I. Share capital

	2022 £'000	2021 £'000
Allotted and fully paid		
28,085,530 (2021: 28,085,530) ordinary shares of 38 6/13p each	**10,802**	10,802

During the period no ordinary shares were issued (2021: none). Share option exercises were satisfied by transfer of shares from an employee benefit trust.

The options that have been granted and were outstanding under the Company's share option schemes at the year-end are shown in note 22 on page 128. Full details of the share option schemes are given in note 23 on pages 128 and 129.

Employees of the Company had no interests in SAYE options (2021: 1,821).

J. Distributable reserves

The profit and loss reserve of £216,608,000 (2021: £192,854,000) in the Company includes £129,267,000 (2021: £125,915,000), which is non-distributable.

K. Commitments and contingent liabilities

The Company has provided Letters of Support to its subsidiary companies, 4imprint Direct Limited, 4imprint UK Holdings Limited and 4imprint USA 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 31 December 2022 (2021: none).

L. Employees

	2022 £'000	2021 £'000
Wages and salaries	**1,040**	807
Social security costs	**153**	116
Pension costs – defined contribution plans	**21**	17
Share option charges	**69**	39
	1,283	979

The average number of people employed by the Company during the period was 4 (2021: 4).

M. Related party transactions

During the period the Company has been party to a number of transactions with fellow subsidiary companies:

	2022 £'000	2021 £'000
Income statement		
Finance income due from subsidiary companies	**17,604**	19,535
Finance costs due to subsidiary companies	**(9,085)**	(9,381)
Balance sheet		
Interest-bearing loans due from subsidiary companies at end of period	**258,816**	244,307
Interest-bearing loans due to subsidiary companies at end of period	**(132,901)**	(118,721)

Key management compensation, comprising remuneration of the Directors, was:

	2022 £'000	2021 £'000
Salaries, fees and short-term employee benefits	**1,773**	969
Social security costs	**74**	63
Share option charges	**109**	58
	1,956	1,090

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 movement in cash and cash equivalents and other financial assets – bank deposits, 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 38):

	2022 $m	2021 $m
Net movement in cash and cash equivalents	**11.46**	1.87
Add back: Increase in current asset investments – bank deposits	**35.00**	–
Add back: Exchange loss on increase in current asset investments – bank deposits	**(0.09)**	–
Add back: Dividends paid to Shareholders	**18.72**	4.13
Less: Exchange losses on cash and cash equivalents	**(1.21)**	(0.05)
Free cash flow	**63.88**	5.95

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.

	2022 $m	2021 $m
Purchase of property, plant and equipment	**(7.72)**	(3.09)
Purchases of intangible assets	**(0.34)**	(0.38)
Proceeds from sale of property, plant and equipment	**0.05**	–
Capital expenditure	**(8.01)**	(3.47)

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:

	2022 $m	2021 $m
Cash generated from operations	**97.04**	18.25
Add back: Contributions to defined benefit pension scheme	**4.37**	4.59
Less: Loss on disposal of property, plant and equipment	**(0.08)**	–
Less: Purchases of property, plant and equipment and intangible assets	**(8.06)**	(3.47)
Add: Proceeds from sale of property, plant and equipment	**0.05**	–
Underlying operating cash flow	**93.32**	19.37

Cash and bank deposits is defined as cash and cash equivalents and other financial assets – bank deposits. This measure is used by the Board to understand the true cash position of the Group when determining the potential uses of cash under the balance sheet funding and capital allocation policies. This is reconciled to IFRS measures as follows:

	2022 $m	2021 $m
Cash and cash equivalents	**51.84**	41.59
Other financial assets – bank deposits	**34.91**	–
Cash and bank deposits	**86.75**	41.59

FIVE YEAR FINANCIAL RECORD

Income statement

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Revenue	**1,140,286**	787,322	560,040	860,844	738,418
Underlying* operating profit	**102,902**	30,646	3,972	53,620	45,043
Exceptional items	**–**	–	–	–	(721)
Operating profit	**102,902**	30,646	3,972	53,620	44,322
Finance income	**1,162**	33	168	818	250
Finance costs	**(425)**	(435)	(193)	(67)	(23)
Net pension finance charge	**67**	(15)	(104)	(378)	(403)
Profit before tax	**103,706**	30,229	3,843	53,993	44,146
Taxation	**(23,563)**	(7,643)	(753)	(11,276)	(8,952)
Profit for the period	**80,143**	22,586	3,090	42,717	35,194

* Underlying has been restated to include defined benefit pension charges in 2018 to 2020.

Basic earnings per ordinary share	**285.57c**	80.46c	11.03c	152.42c	125.61c
Dividend per share – paid and proposed	**360.00c**	45.00c	–	25.00c	70.00c

Balance sheet

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Non-current assets (excluding deferred tax and retirement benefit asset)	**44,325**	37,437	38,997	27,506	20,096
Deferred tax assets	**2,381**	600	4,272	4,338	5,636
Net current assets	**104,952**	54,744	38,694	44,792	33,482
Retirement benefit asset/(obligation)	**1,234**	1,974	(3,310)	(12,305)	(15,016)
Other liabilities (including lease liabilities)	**(12,672)**	(11,789)	(13,282)	(1,383)	(931)
Shareholders' equity	**140,220**	82,966	65,371	62,948	43,267
Cash and bank deposits	**86,752**	41,589	39,766	41,136	27,484

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